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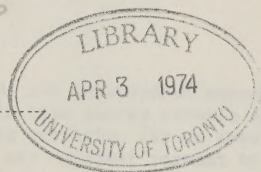
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OPERATING RESULTS
OF
INDEPENDENT CLOTHING AND SHOE STORES
IN CANADA

1938

Clothing & piece goods stores (independent):
operating results




Published by Authority of the HON. W.D. EULER, M.P.,
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OTTAWA

1940

Price 15 cents



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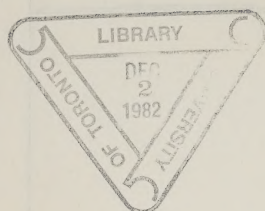
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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
INTERNAL TRADE BRANCH
OTTAWA, CANADA

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CENSUS OF MERCHANDISING AND SERVICE ESTABLISHMENTS

Operating Results for Independent Clothing and Shoe Stores
in Canada, 1938.

Introduction

This report is one of a series presenting average operating results in various branches of retail trade in Canada in 1938. The basic data from which the report was compiled were secured in connection with the annual survey of retail trade, conducted by the Internal Trade Branch of the Dominion Bureau of Statistics and designed primarily to provide information regarding annual trends in various kinds of business in the several provinces. This report presents results for four lines of business: women's ready-to-wear stores, family clothing stores, men's and boys' clothing and furnishings stores and shoe stores.

Complete statistics showing the total number of stores and value of annual sales by lines of business are available only for the one year 1930 as a result of the Census of Merchandising and Service Establishments which formed part of the last decennial census. This report is based on returns submitted by a limited number of independent stores which were able to give a detailed analysis of their operating results for 1938. Included in the sample were 109 women's ready-to-wear stores, 87 family clothing stores, 147 men's and boys' clothing and furnishings stores and 97 shoe stores. This work represents the first attempt of the Bureau of Statistics to furnish a detailed analysis of operating expenses in these trades. In view of the lack of uniformity in accounting practices the figures contained herein must be considered as indicative of general relationships rather than as material the absolute accuracy of which can be guaranteed.

Summary of Results

Analysis of operating results for 1938 for the 109 independent women's ready-to-wear stores furnishing detailed figures and included in this survey reveals an average net operating profit of 1.2 per cent of sales after making provision for an imputed value of proprietors' services but before making provision for any interest payment on own capital investment. Gross margin or profit averaged 29.7 per cent of sales while operating expenses amounted to 28.5 per cent of sales. On the basis of the average of the two year-end inventory figures stocks were turned 3.7 times during the year.

The 87 family clothing stores operated on an average gross margin ratio of 27.1 per cent of sales and had operating expenses of 26.5 per cent resulting in an average net profit of 0.6 per cent of sales. Stocks were turned on an average of 1.8 times during the year.

Similar results for men's and boys' clothing and apparel stores reveal an average gross margin of 28.7 per cent of sales, average operating expenses of 26.1 per cent giving an average net profit of 2.6 per cent of sales. Average rate of stock-turn was 1.9 times during the year.

The 97 shoe stores included in the survey had operating ratios with respect to sales of 29.8 per cent for gross margin or profit, 27.7 per cent total expenses and 2.1 per cent net profit. Average stock-turn rate in this instance was 1.7 times.

Results for individual stores deviated widely from the averages for each group as a whole. Nor did all stores secure a profit on the year's operations. Of the 109 women's ready-to-wear stores reporting, 54 per cent operated at a profit and 46 per cent operated at a loss. The family clothing stores included in the sample were equally

divided between profitable and unprofitable firms. Men's and boys' clothing and furnishings stores were divided in the ratio 68 per cent profitable and 32 per cent unprofitable while the proportion of profitable shoe stores was only slightly less at 64 per cent.

In each kind of business the profitable stores operated on a higher gross margin percentage of sales but on a lower operating expense ratio than did the unprofitable firms. Comparison of stock turnover rates for profitable and unprofitable firms reveals no consistent relationship for the four different kinds of business in the clothing and apparel group.

The above results relate to independent stores only; chain store companies were not included in the survey. Expense ratios for certain items such as taxes, insurance, and depreciation are quite different for owned and rented premises requiring a separate analysis for these two types. Most of the stores engaged in the four lines of business reviewed in this report are located in rented premises. In view of the small number of stores in owned premises which reported to this survey, the analysis of operating expenses presented herein has been confined to rented stores only.

General Operating Expense Analysis

In addition to reporting total expense figures each firm was asked to give a breakdown of its expenses into thirteen different items. Payroll constitutes more than half the total operating expenses in each of the four lines of business reviewed in this report. Included in the payroll data are salaries and wages of employees and an estimated value for the services of those proprietors who devoted the major portion of their time to their retail business. The amounts attributed to these proprietors were obtained in the following way: The expense schedule asked that the number and salaries of proprietors receiving a stated salary be reported. It also asked for the number of proprietors who did not draw a stated salary but whose remuneration consisted only of profits secured from the year's operations. The returns of those firms reporting proprietor salaries were used in arriving at an average salary per proprietor for stores in different size classes. These averages were then assigned to all proprietors in each size class irrespective of whether or not stated salaries were reported. This practice leads to the classification as unprofitable of some returns whose actual figures may have shown a profit due to a very small amount being reported for proprietors' salaries. On the other hand, it transferred to the profitable classification some returns on which the appearance of an unduly large item for proprietors' salaries would have assigned to the unprofitable group. Average values of proprietors' services for various size classes as used in this survey are as follows:

Amount of Annual Sales	Average Salary per Proprietor
\$ 10,000 - 20,000	\$ 1,300
20,000 - 30,000	1,700
30,000 - 40,000	1,900
40,000 - 50,000	2,100
50,000 - 60,000	2,100
60,000 - 80,000	2,500
80,000 - 100,000	2,800

These average figures were used for each of the four kinds of business. It should be noted that proprietors' salaries were estimated only in the case of unincorporated companies. Proprietors of incorporated companies who devoted the major portion of their time to their retail business were considered as employees and their compensation was included with salaries and wages paid to employees.

The necessity of allocating an imputed value for services performed by proprietors introduces an unavoidable element of arbitrariness in the operating results for retail stores. The attached tables give separate ratios for proprietors' and employees' salaries. Any owner who does not draw a stated salary and wishes to compare his results with the averages for his size of business can deduct the proprietors' payroll percentage shown from the total operating expenses and add the same percentage to net profit.

Women's Ready-to-Wear Stores

Women's ready-to-wear stores specialize in the sale of women's coats, suits and dresses but may also carry millinery, hosiery and related lines. The 109 stores furnishing information regarding their operating results for 1938 had average annual sales during that year amounting to \$37,094, operated on a gross margin ratio of 29.7 per cent of sales and had total operating expenses of 28.5 per cent of sales.

Wage costs made up slightly more than half the total operating expense account, imputed value of services for proprietors in unincorporated companies being estimated at 3.4 per cent of sales while employees' salaries and wages formed another 12.1 per cent of sales. Advertising expenses averaged 1.4 per cent of sales, supplies (including wrapping paper, bags, twine, etc.) cost 1.1 per cent while communication expenses including telephone, telegraph and postage amounted to 0.4 per cent of sales. Rental costs averaged 5.3 per cent of sales, only figures for stores in rented premises being included in the compilations. Ratios to sales for other expense items are as follows: taxes, 0.6 per cent; insurance, 0.5 per cent; light, heat and power, 0.9 per cent; repairs, 0.4 per cent; depreciation, 0.5 per cent; bad debts, 0.3 per cent; interest on borrowed money including mortgage interest but exclusive of interest on own capital investment, 0.3 per cent; and sundry expenses, 1.3 per cent.

In addition to giving average operating results for the group of 109 stores as a whole, the attached tables present separate figures for stores classified into three size-of-business groups and for profitable and unprofitable stores within each size class. In comparison with the total operating expense ratio of 28.5 per cent of sales for the 109 stores, the ratios for the various size classes were 28.8 per cent for stores with annual sales between 10 and 30 thousand dollars, 26.7 per cent for stores with annual sales between 30 and 50 thousand dollars and 29.2 per cent for stores with annual sales between 50 and 100 thousand dollars. Gross margin percentage of sales was also highest for the largest stores, results which may possibly be indicative of variations in stock composition in large and small firms in this line of business.

Family Clothing Stores

Family clothing stores carry clothing furnishings and accessories for men, women and children and in some instances also carry a stock of shoes for the family. The 87 family clothing stores included in this survey had average annual sales of \$36,165 in 1938, operated on an average gross margin ratio of 27.1 per cent of sales and had total operating expenses of 26.5 per cent of sales. Included in the total operating expense ratio were imputed value of proprietors' services for proprietors in unincorporated companies at 3.8 per cent of sales and employees' salaries and wages at 10.6 per cent of sales. Advertising costs amounted to 1.7 per cent of sales; supplies, 1.1 per cent; and communication, 0.4 per cent of sales. Rental costs formed 3.8 per cent of sales for stores reporting, all of which occupied rented premises. Expense ratios to sales for other expense items were as follows: taxes, 0.6 per cent; insurance, 0.7 per cent; light, heat and power, 0.9 per cent; repairs, 0.3 per cent; depreciation, 0.5 per cent; bad debts, 0.8 per cent; interest on borrowed money, 0.5 per cent; and sundry expenses, 0.8 per cent.

Men's and Boys' Clothing and Furnishings Stores

The stores included in this category sell suits and overcoats and in addition they also retail underwear, hosiery, shirts and other men's wear. Stores selling suits and coats only or selling furnishings only are not included. The 147 stores included under this heading had average annual sales of \$33,819 in 1938, operated on a gross margin ratio of 28.7 per cent of sales and had total operating expenses of 26.1 per cent of sales. Included in the total expense ratio are imputed value of proprietors' services at 4.4 per cent of sales and employees salaries and wages at 10.0 per cent. Advertising expenses amounted to 1.4 per cent of sales; supplies, 0.8 per cent and communication, 0.4 per cent. Rental costs formed 4.3 per cent of sales for the 147 stores reporting and all of which occupied rented premises. Ratios to sales for other expense items listed on the questionnaire were 0.5 per cent for taxes, 0.6 per cent for insurance, 0.9 per cent for light, heat and power, 0.3 per cent for repairs, 0.5 per cent for depreciation, 0.5 per cent for bad debts, 0.5 per cent for interest on borrowed money and 1.0 per cent for sundry expenses.

Operating expenses as percentage of sales varied but little for the three size-of-business groups into which the returns were classified, averaging 25.9 per cent for stores with annual sales between \$10,000 and \$30,000, 26.3 per cent for stores with sales of between \$30,000 and \$50,000 and 26.2 per cent for stores with annual sales of more than \$50,000 but less than \$100,000.

Shoe Stores

The shoe store classification includes only those retail outlets engaged chiefly in the sale of boots and shoes. While a small number of stores specializing in the sale of men's or women's shoes may be included, the 97 stores which furnished data for this survey are comprised mainly of stores carrying stocks of shoes for men, women and children. The 97 stores had average annual sales for 1938 of \$33,711, operated on an average gross margin ratio of 29.8 per cent of sales, and their total operating expenses averaged 27.7 per cent of sales.

Value of services of proprietors in unincorporated companies were estimated at 4.5 per cent of sales, while employees' salaries and wages amounted to another 10.3 per cent of sales. Advertising expenses formed 1.4 per cent of annual dollar turnover; supplies, 0.9 per cent and communication 0.4 per cent. Rental costs averaged 6.1 per cent of sales for the stores reporting and all of which occupied rented premises. Percentages of sales for other expense items were as follows: taxes, 0.6 per cent; insurance, 0.6 per cent; light, heat and power, 0.8 per cent; repairs, 0.2 per cent; depreciation, 0.5 per cent; bad debts, 0.1 per cent; interest on borrowed money, 0.5 per cent; and sundry expenses, 0.8 per cent.

Gross margin and operating expenses in the shoe stores were slightly smaller in relation to sales for large than for small stores. Stores with annual sales between \$10,000 and \$30,000 operated on a gross margin ratio of 30.0 per cent of sales and had total operating expenses of 28.4 per cent of sales. Larger stores with annual sales between \$30,000 and \$100,000 operated on gross margin and total operating expense ratios of 29.7 per cent and 27.3 per cent respectively.

Explanation of Terms

Gross Margin--Gross margin represents the difference between net sales and the cost of goods sold which amount is obtained by adjusting purchases of goods during the year for differences between year-end inventories. That is to say, cost of goods sold equals the value of inventory at the beginning of the year, increased by the value of goods purchased and decreased by the inventory at the end of the year. Value of purchases includes the invoice value of goods bought less any returns, allowances or discounts received from manufacturers or wholesalers. The cost of goods also includes duty and inward freight, express or truckage. Outward delivery costs and other store expenses are not included.

Payroll--Payroll includes salaries, wages and commissions paid to all full-time or part-time employees including amounts paid to members of proprietors' families who serve in the capacity of employees. It also includes an imputed value for the services of proprietors who devote the major portion of their time to the business in question.

Advertising--Included in this item are all amounts paid for various types of advertising, newspaper, handbill, radio, etc.

Supplies--The amount reported under this heading includes expenditures for all supplies used in connection with the business such as wrapping paper, bags, twine, office supplies and in addition supplies such as gas and oil for the firm's own delivery equipment.

Communication--Telephone, telegraph and postage were to be reported under this heading.

Taxes--All licenses and taxes including both property and business taxes but exclusive of Dominion income taxes were to be reported here.

Insurance--Amount of premiums paid for insurance of all types carried in connection with the business was to be reported: fire, theft, plate glass, insurance on delivery equipment, etc.

Rent--Only rentals paid for premises actually used in connection with the business were to be reported.

Heat, Light and Power--Water rates, if paid separately from taxes, were to be included here in addition to all amounts paid for fuel, light and power.

Bad Debt Losses--Each firm was asked to report the amount actually written off as bad debts during the year less bad debts written off in previous years and recovered in the year in question. In some instances amounts transferred to bad debt reserves may have been reported rather than the amount actually written off.

Repairs and Maintenance--This item includes amounts paid for repairs and maintenance to buildings, furniture, fixtures and store or delivery equipment. Labour costs coming through the store's own payroll were to be included in the payroll item and not in this category.

Interest--Only interest paid on borrowed money, bank, mortgage, etc., was to be reported. No allowance was made for interest on own capital investment.

Depreciation-- Each firm was asked to report what it considered to be a fair charge for annual depreciation on owned buildings, furniture and store or delivery equipment. From two to five per cent is generally allowed on the cost or purchase price of buildings depending upon the type of construction. Five per cent of cost is frequently allowed on store furniture and fixtures and twenty per cent on the cost of delivery equipment.

Sundry Expenses--This includes all expenses not otherwise allocated. No separate provision was made for amounts paid outside agencies for delivery to purchasers. Such amounts would normally be assigned to the sundry expense item.

Stock-turn Rate--Rate of stock-turn was obtained by dividing the average of the year-end stock figures into the cost of goods sold. By this means the numerator and denominator in the ratio were brought to the same value basis. But no information is available to indicate the extent to which the average of the year-end figures may be representative of the average stock carried throughout the twelve-month period. Thus while the ratios shown in the tables may be used as a basis for comparisons with individual results, their accuracy as a measure of the number of times that stock was turned over during the year cannot be guaranteed.

Table 1.--Women's Ready-to-Wear Stores--Operating Results for Stores Classified According to Amount of Annual Sales and Profit or Loss, Canada, 1938.

Item	AMOUNT OF ANNUAL SALES					
	All Stores, Total			\$10,000 - \$30,000		
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable
Number of Stores Reporting	109	59	50	60	33	27
Total Sales	\$ 4,043,196	2,091,917	1,951,279	1,227,256	666,650	560,606
Average Sales per Store	\$ 37,094	35,456	39,226	20,454	20,202	20,763
GENERAL INFORMATION						
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	29.7	30.5	28.8	29.5	31.0	27.7
Expenses--						
Proprietors' salaries	3.4	4.4	2.2	6.0	5.8	6.2
Employees' salaries and wages	12.1	9.5	14.9	9.8	8.9	10.8
Advertising	1.4	1.4	1.3	0.9	1.0	0.9
Supplies	1.1	1.1	1.1	1.2	1.1	1.3
Communication	0.4	0.4	0.4	0.5	0.5	0.5
Rent.....	5.3	5.1	5.6	5.4	5.4	5.5
Taxes	0.6	0.6	0.7	0.7	0.6	0.8
Insurance	0.5	0.5	0.5	0.6	0.4	0.7
Light, heat and power	0.9	0.9	1.0	1.1	1.0	1.2
Repairs	0.4	0.5	0.3	0.3	0.3	0.3
Depreciation	0.5	0.6	0.5	0.6	0.6	0.6
Bad Debts	0.3	0.4	0.2	0.2	0.2	0.2
Interest on borrowed money	0.3	0.1	0.4	0.4	0.2	0.7
Sundry expense	1.3	1.1	1.5	1.1	0.9	1.3
Total Expense	28.5	26.6	30.6	28.8	26.3	31.0
Net Profit or Loss	+1.2	+3.9	-1.8	+0.7	+4.1	-3.3
OTHER INFORMATION						
Stock Turnover (times per year)	3.7	3.6	3.9	3.0	3.4	2.7

Table 2.--Family Clothing Stores--Operating Results for Stores Classified According to Amount of Annual Sales and Profit or Loss, Canada 1938.

Item	AMOUNT OF ANNUAL SALES				PERCENTAGES OF SALES			
	Total	All Stores, Total	Profitable	Unprofitable	Total	Profitable	Unprofitable	Unprofitable
GENERAL INFORMATION								
Number of Stores Reporting	87	45	42		41	15	26	
Total Sales	\$ 3,116,352	1,734,809	1,411,513		812,369	285,883	526,486	
Average Sales per Store	\$ 36,165	38,551	33,608		19,814	32,059	20,249	
NET PROFIT AND LOSS--(in percentages of sales)								
Gross Margin or Profit	27.1	28.4	25.5		25.7	29.1	23.9	
EXPENSES--								
Proprietors' salaries	3.8	3.9	3.7		5.5	4.8	5.8	
Employees' salaries and wages	10.6	9.8	11.6		9.5	10.4	9.0	
Advertising	1.7	1.9	1.3		1.3	1.7	1.0	
Supplies	1.1	1.3	0.9		0.8	0.7	0.8	
Communication	0.4	0.4	0.4		0.4	0.4	0.4	
Rent	3.8	3.9	3.7		3.8	3.7	3.9	
Taxes	0.6	0.5	0.7		0.6	0.5	0.7	
Insurance	0.7	0.7	0.8		0.8	0.8	0.9	
Light, heat and power	0.9	0.9	0.9		1.0	1.2	0.9	
Repairs	0.3	0.2	0.3		0.4	0.1	0.6	
Depreciation	0.5	0.5	0.5		0.6	0.5	0.6	
Bad debts	0.8	0.6	1.1		0.5	0.3	0.6	
Interest on borrowed money	0.5	0.5	0.5		0.6	0.6	0.6	
Sundry expense	0.8	0.5	1.1		0.8	0.7	0.9	
Total Expenses	26.5	25.6	27.5		26.6	26.4	26.7	
Net Profit or Loss	+0.6	+2.8	-2.0		-0.9	+2.7	-2.8	
OTHER INFORMATION								
Stock Turnover (times per year)	1.8	1.8	1.8		1.5	1.4	1.5	

Table 2.--Family Clothing Stores--Operating Results for Stores Classified According to Amount of Annual Sales and Profit or Loss, Canada, 1938--(Cont'd).

Item	AMOUNT OF ANNUAL SALES					
	\$30,000 - \$50,000			\$50,000 - \$100,000		
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable
Number of Stores Reporting	26	19	7	20	11	9
Total Sales	992,541	748,344	244,197	1,341,442	700,582	640,860
Average Sales per Store	38,175	39,389	34,885	67,072	63,689	71,207
GENERAL INFORMATION						
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	27.4	26.6	30.0	27.7	30.0	25.2
Expenses--						
Proprietors' Salaries	4.1	4.9	1.6	2.5	2.4	2.7
Employees' salaries and wages	11.3	9.4	17.2	10.8	10.1	11.7
Advertising	1.4	1.3	1.7	2.2	2.8	1.5
Supplies	0.7	0.7	0.7	1.6	2.2	0.9
Communication	0.4	0.3	0.7	0.4	0.4	0.3
Rent	3.7	3.6	4.2	3.9	4.4	3.4
Taxes	0.4	0.4	0.5	0.7	0.7	0.8
Insurance	0.8	0.6	0.6	0.8	0.7	0.8
Light, heat and power	0.9	0.9	0.9	0.8	0.7	0.9
Repairs	0.2	0.3	0.2	0.1	0.1	0.1
Depreciation	0.5	0.4	0.7	0.5	0.5	0.4
Bad Debts	0.4	0.3	1.0	1.3	1.2	1.5
Interest on borrowed money	0.5	0.5	0.6	0.4	0.4	0.4
Sundry expense	0.7	0.4	1.5	0.7	0.4	1.1
Total Expense	26.0	24.0	32.1	26.7	27.0	26.5
Net Profit or Loss	+1.4	+2.6	-2.1	+1.0	+3.0	-1.3
OTHER INFORMATION						
Stock Turnover (times per year)	1.9	1.8	2.2	2.0	2.2	1.9

Table 3,--Men's and Boys' Clothing and Furnishings Stores--Operating Results for Stores Classified According to Amount of Annual Sales and Profit or Loss, Canada, 1938.

Item	AMOUNT OF ANNUAL SALES				
	Total	All Stores, Total	Unprofitable	Total	Unprofitable
				\$10,000 - \$30,000	
Number of Stores Reporting	147	101	46	84	34
Total Sales	\$ 4,971,349	\$ 3,634,901	\$ 1,336,448	\$ 1,733,439	\$ 681,170
Average Sales per Store	\$ 33,819	\$ 36,989	\$ 29,053	\$ 20,636	\$ 20,034
GENERAL INFORMATION					
Gross Margin or Profit	28.7	26.9	28.3	27.4	26.7
PROFIT AND LOSS--(In percentages of sales)					
Expenses--					
Proprietors' Salaries	4.4	4.7	3.7	6.1	5.4
Employees' salaries	10.0	8.7	13.5	8.1	10.6
Advertising	1.4	1.3	1.5	1.0	1.3
Supplies	0.8	0.8	0.8	0.8	0.9
Communication	0.4	0.4	0.4	0.4	0.5
Rent	4.3	3.9	5.5	4.6	5.5
Taxes	0.5	0.5	0.7	0.8	0.9
Insurance	0.6	0.6	0.7	0.7	0.7
Light, heat and power	0.9	0.8	1.0	0.9	1.0
Repairs	0.3	0.3	0.2	0.2	0.2
Depreciation	0.5	0.5	0.5	0.6	0.6
Bad Debts	0.5	0.5	0.4	0.4	0.3
Interest on borrowed money	0.5	0.5	0.5	0.5	0.5
Sundry expense	1.0	1.0	1.1	0.8	0.8
Total Expense	26.1	24.5	30.5	25.9	29.2
Net Profit or Loss	+2.6	+4.4	-2.2	+1.5	-2.5
OTHER INFORMATION					
Stock Turnover (times per year)	1.9	2.0	1.8	1.7	1.6



Table 1. Sales and Pops: Clothing and Furnishings Stores Operating Results in Stores Classified According to Amount of Annual Sales and Profit or Loss, Canada, 1940--(Cont'd)

Item	AMOUNT				PERCENTAGE			
	\$30,000 - \$50,000		\$50,000 - \$100,000		Total		Profitable	
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable	Profitable	Unprofitable
Number of Stores Reporting	37	30	7	26	21	5	377,258	75,452
Total Sales	1,467,119	1,389,099	278,021	1,770,791	1,393,533	377,258	377,258	75,452
Average Sales per Store	39,652	39,637	39,711	68,107	66,359	75,452	66,359	75,452
GROSS MARGIN OR PROFIT								
Gross Margin or Profit	29.7	29.4	31.1	29.1	29.1	29.3	29.1	29.3
EXPENSES--								
Proprietors' salaries	4.1	4.4	2.8	3.0	3.4	1.4	3.4	1.4
Employees' salaries and wages	9.9	8.6	15.6	11.8	10.5	17.0	10.5	17.0
Advertising	1.4	1.2	1.9	1.7	1.8	1.7	1.8	1.7
Supplies	0.9	0.3	1.1	0.8	0.8	0.6	0.8	0.6
Communication	0.3	0.4	0.3	0.4	0.4	0.3	0.4	0.3
Rent	4.6	4.2	6.5	3.8	3.5	4.8	3.5	4.8
Taxes	0.5	0.5	0.6	0.4	0.4	0.3	0.4	0.3
Insurance	0.6	0.6	0.8	0.5	0.5	0.6	0.5	0.6
Light, heat and power	0.8	0.8	0.9	1.0	0.9	1.1	0.9	1.1
Repairs	0.4	0.4	0.4	0.3	0.3	0.2	0.3	0.2
Depreciation	0.5	0.5	0.4	0.4	0.5	0.3	0.5	0.3
Bad Debts	0.6	0.6	0.6	0.5	0.6	0.2	0.6	0.2
Interest on borrowed money	0.5	0.5	0.5	0.4	0.3	0.6	0.3	0.6
Sundry expense	1.2	1.1	1.5	1.2	1.1	1.5	1.1	1.5
Total Expense	26.3	24.6	33.6	26.2	25.0	30.6	25.0	30.6
Net Profit or Loss	+3.4	+4.8	-2.5	+2.9	+4.1	-1.3	+4.1	-1.3
OTHER INFORMATION								
Stock Turnover (times per year)	1.9	2.0	1.5	2.2	2.2	2.5	2.2	2.5

Table 4.---Shoe Stores--Operating results for 1938
Amount of Annual Sales and Profit or Loss, Canada, 1938.

Item	AMOUNT OF ANNUAL SALES					
	All Stores, Total		Unprofitable		Profitable	
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable
					\$10,000 - \$30,000	
GENERAL INFORMATION						
Number of Stores Reporting	97	62	35	51	27	24
Total Sales	\$ 3,270,014	2,256,786	1,013,228	1,035,874	554,996	490,878
Average Sales per Store	33,711	36,400	28,949	20,311	20,555	20,037
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	29.8	29.5	30.5	30.0	30.0	30.1
Expenses--						
Proprietors' Salaries	4.5	4.9	3.5	6.7	7.0	6.5
Employees' salaries and wages	10.3	8.9	13.5	8.8	6.9	11.0
Advertising	1.4	1.2	1.7	1.0	0.9	1.1
Supplies	0.9	0.9	0.9	0.9	0.7	1.0
Communication	0.4	0.4	0.6	0.4	0.3	0.4
Rent	6.1	5.6	7.2	5.9	5.3	6.7
Taxes	0.6	0.6	0.7	0.7	0.6	0.9
Insurance	0.6	0.5	0.6	0.6	0.7	0.5
Light, heat and power	0.8	0.7	1.1	0.9	0.7	1.1
Repairs	0.2	0.2	0.1	0.2	0.1	0.2
Depreciation	0.5	0.5	0.5	0.6	0.7	0.5
Bad Debts	0.1	0.1	0.1	0.1	0.2	0.1
Interest on borrowed money	0.5	0.4	0.7	0.8	0.7	0.8
Sundry expense	0.8	0.6	1.2	0.8	0.7	1.0
Total Expense	27.7	25.5	32.4	28.4	25.5	31.8
OTHER INFORMATION						
Net Profit or Loss	+2.1	+4.0	-1.9	+1.6	+4.5	-1.7
Stock Turnover (times per year)	1.7	1.9	1.5	1.5	1.4	1.7

Table 4.--Shoe Stores--Operating Results for Stores Classified According to Amount of Annual Sales and Profit or Loss, Canada, 1938--(Cont'd)

Item	AMOUNT OF ANNUAL SALES			
	\$30,000 - \$100,000		Unprofitable	
Total	Profitable	Unprofitable		
GENERAL INFORMATION				
Number of Stores Reporting	46	35	11	
Total Sales	\$ 2,234,140	1,701,790	532,350	
Average Sales per Store	\$ 48,568	48,623	48,395	
PROFIT AND LOSS--(In percentages of sales)				
Gross Margin or Profit	29.7	29.3	30.9	
Expenses--				
Proprietors' salaries	3.4	4.3	0.8	
Employees' salaries and wages	11.0	9.5	15.7	
Advertising	1.6	1.3	2.2	
Supplies	0.9	1.0	0.8	
Communication	0.4	0.4	0.7	
Rent	6.2	5.8	7.7	
Taxes	0.6	0.6	0.6	
Insurance	0.5	0.4	0.8	
Light, heat and power	0.8	0.7	1.0	
Repairs	0.2	0.2	0.1	
Depreciation	0.4	0.4	0.6	
Bad debts	0.1	0.1	0.1	
Interest on borrowed money	0.4	0.3	0.5	
Sundry expense	0.8	0.6	1.4	
Total Expense	27.3	25.6	33.0	
Net Profit or Loss	+2.4	+3.7	-2.1	
OTHER INFORMATION				
Stock Turnover (times per year)	1.8	2.1	1.3	

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Minister of Trade and Commerce

CANADA
DOMINION BUREAU OF STATISTICS
MERCHANDISING AND SERVICES BRANCH

OPERATING RESULTS OF UNINCORPORATED RETAIL STORES

1944

Bulletin No. 3

INDEPENDENT MEN'S CLOTHING STORES
INDEPENDENT WOMEN'S READY-TO-WEAR STORES
INDEPENDENT FAMILY CLOTHING STORES
INDEPENDENT FAMILY SHOE STORES

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OTTAWA
1946

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FOREWORD

For some time the Bureau has recognized the practical value of published information on average operating results, that is, on average rates of expenses and profits, etc., in the principal retail trades. Indeed the first studies of this nature were made for the year 1938, and since then an increasing demand for such information has been experienced by this Bureau. It is in response to this demand that the present series of reports is now being issued.

Concerned mainly with average expense and profit percentages, comprehensive information on the operating results of retail stores deals with many of the significant factors which eventually determine their success or failure. Such information therefore represents the results which many retailers have obtained in meeting the problems that are common to their particular kind of business. Statistics of this nature, moreover, have the practical value of enabling individual merchants to compare their own rates of expenses and profits with the results of similar stores in their trade, from which they can isolate for further analysis the areas in which their performance has been below average. The resulting opportunities for improving the efficiency in retail store managements may well be of some importance in peacetime as Canadian retailers under more competitive conditions endeavour to distribute the products of an expanded industrial economy. These considerations and possibilities have been set forth under the heading "Importance of Information on Operating Results in Retail Trade" commencing on page 2 of these reports. A separate discussion beginning on page 8 under the topic "How the Retailer Can Use Information on Operating Results" has also been included as a possible guide to retailers using the bulletins.

It must be emphasized here, however, that the statistics presented in these reports are subject to important limitations in respect to their coverage and representativeness. This is because the figures are based, not upon a comprehensive survey of large numbers of co-operating stores, but rather upon comparatively small sample numbers of such firms. These samples, of course, should be large enough to permit the different influences affecting operating results to average themselves out and thus present the more typical operating experiences of stores in the different size and occupancy classifications of stores. For many kinds of stores, unfortunately, the number of usable returns when distributed between these classifications may be too small to permit any special or erratic conditions completely to iron or cancel themselves out. These aspects of the reports are discussed more fully under the heading "Limitations to Information on Operating Results" on page 6 of the bulletins, and to some extent under "How the Retailer Can Use Information on Operating Results" on page 8, to both of which the reader is referred. It should therefore be noted that the present studies are tentative in nature and must await the results of subsequent surveys for conclusive evidence as to the validity of many of the statistics herein presented.

In spite of the preliminary nature of the statistics, however, these reports are being issued in the belief that they will at least reveal the future scope for such studies and may well provide some useful, although perhaps rough, indications of the operating experiences of the retail trades under review. The bulletins have been prepared in the Merchandising and Services Branch of the Bureau, of which Mr. A.C. Steedman, B.A., is Chief, by Mr. A.M. Chipman, M.B.A., Statistician in the Branch. The suggestions of those obtaining and using these reports will be most welcome to the end that better and more useful studies can be made in future.

Herbert Marshall

H. Marshall,
Dominion Statistician.

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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
MERCHANDISING AND SERVICES BRANCH
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OPERATING RESULTS OF INDEPENDENT RETAIL STORES, 1944.

PART I - GENERAL SECTION

This report is one of a series presenting average operating results in selected branches of retail trade for 1944 and, where possible, for both 1941 and 1944. The first series of such studies was made by the Bureau for the year 1938 and presented somewhat similar information on average operating expenses and profits against which individual firms could compare their own results. Since that time requests have been received on an expanding scale for corresponding types of reports, a fact which indicates the growing interest of merchants and others in information on costs in retail trade. It is in response to this demand that these reports are now being issued.

The basic information for such studies was obtained primarily for the purpose of improving the Bureau's estimates of the country's National Income which originated in unincorporated and independent retail stores. Such establishments predominate to a marked extent in retail trade, comprising 90 per cent of all 137,331 stores enumerated in the 1941 Census, accounting for 55 per cent of total sales of \$3,440,901,700, and providing a livelihood for nearly 132,000 proprietors and partners. The net earnings of these proprietors and partners thus represent an important contribution to the National Income totals. Aggregate figures on these net earnings, however, are not readily available to the Bureau from other sources and for this reason it was decided early in 1945 to obtain the required information by a direct survey of sample groups of retail stores.

Accurate and comprehensive figures on the National Income are now regarded as one of the best measures of the purchasing power and economic activity of the country. These statistics, consequently, are highly important as aids to both governments and business in the determination of their plans and policies, and particularly so in relation to the problem of maintaining high levels of employment within the country. Periodic surveys of retail trade will therefore be made to obtain the information necessary to estimate accurately the total net earnings of unincorporated retail stores for inclusion in the National Income statistics.

In carrying out this task it is hoped that information on average operating results will be made available to retailers in even greater detail than has been found possible in the recent survey. Thus, the co-operation of retailers in supplying information on their own operating experiences has two beneficial

results. In the first instance, it enhances the accuracy of the Bureau's estimates of the National Income and the soundness of the governmental and business policies which are based on such figures. Secondly, the co-operation of retailers in these surveys provides them with yardsticks of performance against which they can compare their own financial results.

The figures which co-operating retailers supply to the Bureau on their costs, expenses and profits are quite obviously highly confidential in nature. They are strictly so regarded by the Bureau and are used only for the two purposes just outlined with no disclosures of the results of individual operations being made.

Information Contained in Reports on Retail Operating Results.

The information presented in this and subsequent bulletins consists primarily of the financial results which the different kinds of co-operating stores obtained in the year under review. The information consequently covers such individual items as net sales, purchases of merchandise for resale and beginning and ending merchandise inventories, cost of goods sold, gross trading profits after costs of merchandise sold have been deducted from sales, the several categories of operating expenses incurred during the period and finally the net earnings available to proprietors after all costs and expenses have been subtracted from sales. In other words, the information here under study consists of the more important financial items usually found in the typical retail Profit and Loss Statement.

There are of course many general factors which commonly affect the financial results of retail stores. Three of the more important of these consist of the kind of business, that is whether the store is a grocery, an apparel, a furniture store, etc., the amount of annual sales made by the store, and the basis of occupancy, that is whether the store is owned or rented. The reports of the co-operating retail stores were therefore classified by kind of business and within the kind of business categories into groups according to the amount of sales made. These groups were again divided by method of occupancy into "owned" and "rented" categories. The figures were then compiled for each of the individual groups and reduced to the form shown in the tables of this report. Thus gross trading profits, the several expense items and proprietors' net earnings before income taxes and withdrawals appear as percentages of sales while stock turnover appears as a ratio indicating the number of times the average inventories were turned over during the year.

These ratios are therefore averages of the operating results which the different groups of unincorporated stores actually obtained. As such, these averages are at least indicators of rates of gross trading profits, of expenses and net earnings which similar stores may have experienced in the period under review.

Importance of Information on Operating Results in Retail Trade.

The critical value of information on operating results for use in computing the net earnings contributed by unincorporated retail stores to the highly important National Income estimates has already been pointed out. Indeed, the net earnings of individually operated stores add to really sizable contributions, being estimated at nearly \$150,000,000 in 1941 and nearly \$200,000,000 in 1944. Quite apart from its value in this respect, however, there are other economic and business uses which increase still further the practical importance of this type of information.

Many of these uses arise from economic changes brought about by transition from war to peacetime conditions. During the war years, retail trade experienced high levels of consumer demand, usually for relatively inadequate and in some lines for severely restricted supplies of merchandise. These conditions in turn tended to reduce the intensity of competition between stores in the same kind of business, as well as competition for the consumer's dollar between stores handling different kinds of goods. The resulting curtailment of price competition between retailers, the extension of price control which in general tended to stabilize buying and selling price relationships for retailers, and a diminished need for mark downs and sales allowances all exerted influence in the direction of maintaining or improving the percentages of realized gross trading profits. Apart from the furniture, radio and electrical, and automotive kinds of stores, the sales volumes of individual stores generally increased throughout the war period. These gains in turn tended to level off or to reduce expense percentages, the dollar amounts for some of which had been favourably affected by reduced credit losses and by curtailed expenses of operation.

Different conditions, however, can be expected to prevail in peacetime which, for purposes of discussion, can be broken down into two phases. During the earlier transition period industry will re-convert to peacetime activities and its subsequent production can be deemed to go far to meet consumers' pent-up demands, especially for many types of durable goods. Consumer purchasing power will likely remain relatively high due partly to wartime savings, partly to the high level of industrial activity, and partly, with crops permitting, to the substantial export and domestic demand for food products. An expansion in the numbers of retail stores in business may also be anticipated as war veterans, and individuals displaced from war production, establish their own businesses. During the early part of this phase, the supplies of many kinds of consumer goods may be inadequate to meet popular demands for them. As this period advances, however, consumer demands will settle down more to a replacement basis, expanded output will be able to build up normal stocks of merchandise at different levels in the manufacturing and distributive processes, and the functions of demand creation and sales promotion will become steadily more important.

The more normal peacetime period may therefore be marked by the greater necessity to promote and sell the products of an expanded industry. With freer price relationships between merchandise cost and selling prices then prevailing, greater pressures may be exerted on retailers' gross trading profit margins than before. This condition will probably result from a combination of influences including the increased quantities of readily available supplies, the desire of manufacturers and retailers to increase commodity and store sales through lower prices, and from making mark downs and sales allowances more extensively than in the war and transition periods. Lower individual store sales volumes for many kinds of retail trade on average may also be experienced from increases in the store population, the diffusion of consumer purchasing power over widened ranges of merchandise, including, for instance, automobiles and related products, electrical appliances, etc., and from more intense competition between different types and kinds of retail outlets. These lowered sales volumes will then tend to increase percentage rates of expense, many of which will be forced upward by greater dollar expenditures for advertising, for store renovation, and possibly for the provision of greater services to store customers.

Such tendencies toward reduced store sales volumes, to lowered gross trading profit and to increased operating expense percentages in the more normal peacetime period emphasize the need for progressive improvements in the management of independent stores if their continued existence and their proprietors' standards

of living are to be assured. These conditions thus impose upon retail merchants the necessity for using productive methods of sales promotion to maintain sales volumes, for informed buying and pricing practices to obtain adequate gross trading profits, and for careful control of operating expenses to secure adequate and reasonable net trading profits. They require in addition the periodic self-examination of the merchant's financial results so that weak spots in the store's operations can be revealed and remedied.

These periodic reviews of the store's operations are most revealing when individual merchants can measure their own financial results against certain outside standards or yardsticks of achievement. It is these standards or yardsticks of financial performance which this Bureau is now presenting in its reports on the actual operating results of sample groups of retail stores. With reports of this type, individual merchants can compare their rates of inventory turnover and their percentages of gross trading profits, operating expenses, and net trading profits with those obtained by similar kinds of stores. Guides of this nature enable retailers to determine whether their experiences are better or poorer than average, and where poorer, the factors producing the inferior results can be further analyzed for corrective action.

In addition to serving as aids to store management, information on operating costs is of considerable practical value to individuals planning the establishment of retail businesses. Reports of this type enable prospective retailers to find out what operating conditions are like in the trades they are considering, what net earnings they may reasonably expect from different sales volumes, and what standards they must achieve to obtain the net earnings they desire. The same reports also provide these individuals with knowledge of the average sizes of inventories carried, a factor of importance in estimating their capital requirements. Frequent requests are now received by the Bureau for information on sales and earnings possibilities in different trades and localities, on trade practices, capital requirements, etc. Provision of figures on operating costs thus widens the field of service the Bureau can provide, a service particularly timely when so many are apprehensive of the opportunities for profitable establishment in business.

Over a period of years the expanding use of the Bureau's reports on operating results may produce benefits of importance to those engaged in retail trade. These benefits may well appear in the form of greater efficiency in store managements, increased flexibility to meet changing conditions in distribution, and greater stability in the business existence of retail stores through reductions in overall rates of business mortality. Improved management implies a greater knowledge of operating costs and the means of controlling them. It enables the value of services rendered to be measured against their costs, and by focussing attention on the critical gross trading profit percentage emphasizes the importance of careful buying to reduce mark downs, etc., and yet maintain satisfactory net earnings positions. Management of this sort, particularly in the smaller independent stores, also implies an awareness of trends and competitive conditions in retail trade, thus tending to promote the openmindedness and flexibility to meet new problems with new methods and cope with them.

The economy of the country also gains from the extension of these benefits throughout retail trade. Improved managerial efficiency may well mean the provision of higher standards of living to those engaged in retailing. Under the pressure of competition lower prices can be passed on to consumers without impairing the earnings of other groups of individuals or producers, thereby increasing indirectly the purchasing power available for other commodities and services. Finally, reductions in business mortalities represents lowered credit losses and the decreased

wastage of capital and effort invested by unsuccessful merchants in their retail businesses.

Methods of Making Survey and of Compiling Results.

As already indicated, the purpose of this survey of operating results was to obtain sufficient information from stores operated by individuals and partnerships to enable accurate overall estimates of their net earnings in 1941 and 1944 to be made for inclusion in National Income figures. This would have involved a coverage according to 1941 figures of some 124,000 stores -- far too many to permit a comprehensive survey of all stores.

It was therefore decided to obtain the results from a sample of these stores, some 17,000 being chosen for this purpose. These stores, although selected at random, were carefully distributed geographically to represent each province and each of the 28 important retail trades from which the information was needed. Not all firms were able readily to provide the required information while changes in business and other causes further reduced the sample. In addition, some of the reporting stores were able to supply figures for only 1944. In general, however, sufficient reports were received to enable overall net earnings' estimates to be made for both 1941 and 1944. Reductions in the size of the sample, however, prevented the preparation of tables showing 1941-1944 comparisons of operating results for some trades and in some cases also limited the extent to which average operating results could be broken down into sales size and "owned" and "rented" classifications.

Following completion of the editing process and the preparation of the National Income estimates, the schedules were re-processed for compilation of reports on operating results in the various kinds of retail business. In addition to the kind-of-business groupings, there were several ways in which the schedules could have been classified such as by size of business and method of occupancy, by provinces or regions by size of business, by size of locality by size of business, etc. Examination of the reports submitted for the different retail trades, however, indicated that in many instances the number of schedules was too small to enable many of these detailed classifications to be made. The reports were therefore grouped on a Canada-wide basis into size-of-business categories and within these by method of occupancy into "owned" and "rented" sub-divisions.

Statistical tables showing average operating results in 1944 for the various retail trades were then prepared. Here the results appear in five size-of-business groups for "owned" and for "rented" stores having 1944 sales volumes of less than \$10,000, between \$10,000 and \$20,000, \$20,000 and \$30,000, \$30,000 and \$50,000, and sales of \$50,000 and over. In some instances, however, the number of reports for "owned" or for "rented" stores was too small to justify the publication of figures for one of these types of occupancy.

Where possible tables were also prepared to present comparative and average figures on the results which identical groups of stores obtained in 1941 and 1944. Individual returns were therefore classified before tabulation into three size-of-business divisions and within these, between "owned" and "rented" establishments, according to the sales they made and the methods of occupancy they used in 1941, irrespective of their size of business or type of occupancy in 1944. Unfortunately, however, comparative statistics for both 1941 and 1944 cannot be published for some retail trades due to the limited numbers of reports giving information for both years. In other cases, comparative results for 1941 and 1944 are presented by size-of-business groups for only "owned" or "rented" stores, the sample in these instances being too small to permit statistics for one of these types of occupancy to be of much practical value.

A glance at the tables appearing in this report will reveal quickly the items for which statistics are given in the various size-of-business and occupancy columns. These are grouped into two sections, one designated as the "General Information" and the other as the "Profit and Loss Data" section.

The "General Information" section, as its name implies, consists of statistics useful as background material for interpreting the percentages shown in the following division of the tables. Nine individual items are here shown, consisting of figures on number of stores reporting, sales, inventories, cost of goods sold, and stock turnover in times per year. Apart from "Average Sales Per Store", "Average Inventory Per Store, End of Year", and "Stock Turnover (times per year)", the figures appearing in this section are the dollar totals of the amounts shown in the individual reports of the co-operating stores.

Items included in the "Profit and Loss Data" section consist of "Gross Trading Profit", "Employees' Salaries and Wages", "Rent", "Advertising", "Depreciation", "Other Operating Expenses", "Total Operating Expenses", "Proprietor's Net Earnings Before Income Taxes and Withdrawals", and "Average Proprietor's Net Earnings Per Store". Dollar figures for all of the above items with the exception of "Average Proprietor's Net Earnings Per Store" were of course compiled by sales-size and occupancy categories and were then expressed as percentages of the total sales reported by those groups of stores. In this way the percentages become averages for the several classes of unincorporated retail stores.

The explanations for the above terms are set forth later in this report under the sub-heading entitled "How The Retailer Can Use Information on Operating Costs". It can be noted here, however, that both the percentages and the dollar figures for proprietor's net earnings are weighted by the inclusion of two different elements. One of these comprises the proprietor's remuneration for managing the business -- an amount which would in fact have been charged as an expense against the store if the business had been incorporated or had been operated as a unit of a retail chain system -- while the second consists of the smaller and residual net profit element which compensates for capital invested and risked and for unusual merchandising abilities brought into play. Quite obviously the figures shown for net earnings considerably overstate the proprietor's 'net profits' because they also include the allowance for proprietor's managerial services. Questions were consequently included in the schedule to permit objective allowances to be made for these services but insufficient information was obtained to enable the two elements in proprietor's net returns to be separately presented. The final item on average net earnings per store is therefore shown in dollar figures in the tables, partly as an offset to the relatively high net earnings percentages revealed by the previous series and partly to enable the reader to make his own allowances for the two principal elements the net earnings figures contain.

Limitations to Information on Operating Results.

Many retailers may quite probably use the averages contained in the tables of this series of reports as information against which their own results can be compared and analyzed. Others may use the statistics in a broader way as indicators of distribution costs in the various retail trades. Both uses are of course quite proper but the information will serve these uses best when the limitations inherent in the figures are fully appreciated.

In the first instance it is important to note that the figures are based only on the results of unincorporated retail stores. The averages therefore do not reflect the results obtained by stores operating under the incorporated form of

organization. The absence of these stores probably bears most heavily upon the representativeness of the averages for stores in the higher sales volume brackets in which incorporated stores are most frequently found. Quite apart from differences in the qualities of management between these two types of establishments, however, the figures for average sales and average year-end inventories per store, stock turnover, gross trading profits and percentages for rent, advertising, depreciation and all other operating expenses will be readily useful to incorporated store managements. Employees' salaries and wages and proprietor's net earnings before income taxes and withdrawals, on the other hand, are not comparable without adjustments with similar percentage figures for individual incorporated stores because allowances for proprietors' managerial services have been excluded from the former and included in the latter item.

In the second place, the figures on operating results are based upon returns from relatively restricted numbers of stores in the different retail trades under study. These samples, chosen at random, are presumed to give representation to the several factors which influence operating results, including differences arising from size of business, methods of occupancy, from the sizes of locality and provinces in which the stores are situated, from degrees of service provided to customers, merchandising policies and variations in the quality of store managements. Size of business and method of occupancy rank high among these factors and the tables were therefore prepared to show operating result averages for different sales-size and occupancy groups of stores. Within these breakdowns of the overall sample the remaining factors naturally tend to 'average out' in the Canada-wide operating averages presented.

The proper 'averaging-out' of the above variations is naturally dependent upon a sufficient number of reports being included to permit this process automatically to take place. Examination of the tables, however, will indicate that the number of usable reports included in the various sales-size and occupancy categories is often quite small, frequently representing less than ten stores. In such cases the results should be compared carefully with the results shown for other sales-size brackets to appraise consistencies in trends between the different groups. Where the results appear definitely out of line with these trends, the figures should be interpreted with considerable care because it is quite possible that the averages for that bracket are not typical of the average results for all stores of that size.

The 'averaging-out' within the different sales-size brackets of the factors which affect retail operating results, however, imposes certain limitations upon the use of operating cost information by individual merchants. This is because retailers wish to compare their own results with those obtained by stores as similar to their own as possible. With the tables set up in the present manner, retailers are able in part to do this because they can match their own results against those of stores in their own sales-size and occupancy classes. On the other hand, these overall figures also reflect the combined and average influences of location by provinces and by size of locality, of degrees of service provided and of merchandising policies followed. Individual retail stores, however, experience not the 'average', but rather the full effects of such factors in their operating results. Thus the overall percentages may well be quite accurate in what they represent and yet differ considerably from the experiences of many individual stores. Unfortunately the isolation of such influences would require a considerably larger number of reports than were received from the recent survey of operating costs.

An additional point arises in connection with the way average expense percentages for employees' salaries and wages, advertising and depreciation were built up. Some reports for instance did not show dollar amounts for one or two of

these expense items. When no values were shown for the first two types of expenses, the practice was to accept the report on the assumption that the store required no paid help and in the case of advertising that no such expenditures were incurred. Where no amounts were shown for depreciation and no indication was given that any had been taken, the schedule was examined to see if the size of business justified further attention. If so, the firm was either corresponded with or an estimate was made for this item. In all cases, of course, the expense ratios represent the total dollar expense figures for each item in each individual classification expressed as percentages of the total sales reported by stores in that category. The expense percentages for these three items may therefore be slightly less than they would have been if only the sales of stores reporting full expense figures had been used.

How the Retailer Can Use Information on Operating Results

Mention has already been made of the conditions in retail trade which may prevail in the more normal peacetime period after the transition phase has been negotiated. This possible pattern of economic factors, it was suggested, may include a greater pressure of available supplies on retail and consumer markets, a relatively smaller unstimulated demand for those commodities, a greater competition in retailing associated quite probably with freer and often somewhat lower prices, and the possibilities of reduced percentages of gross trading profit, of lower individual store sales volumes for many kinds of independent stores, and of higher expense percentages. Such factors raise the question of how individual merchants can best utilize information on average operating results as a management tool in meeting their problems of transition and adjustment to changing economic conditions.

Use of operating cost averages in this way depends essentially upon comparing results of individual stores with those obtained by similar stores in the same kind of business. The retailers therefore should first determine from the tables the size of business and occupancy categories most similar to his own store. This may be done by comparing his own sales for the period with the sales-size brackets of the tables to determine his size category and by selecting the occupancy basis coinciding with that of his own business. He should next reduce his own financial items such as his stock turnover, his gross trading profits and his several expense categories to conform with those appearing in the tables and express these figures in ratio form -- for the most part as percentages of his own total net sales and receipts from services performed. He is then in a position to compare directly his own results with those which other more or less similar Canadian stores obtained in the same period.

"Number of Stores Reporting", the first item in the tables is also the first item to which the merchant should direct his attention. This figure, indicating the number of reports upon which the following percentages are based, is a good overall indicator of how typical those ratios may be of the entire class of stores they are presumed to represent. Such percentages, it will be recalled, become more accurate as overall measures of their class as the numbers of stores in the sample increases. Consequently the averages for particular categories where the number of reports is small should be compared with other brackets for consistency before those averages are applied against the results of the individual store.

"Average Sales Per Store" is a useful comparative figure because it gives the retailer an idea of the size of the 'average' store in each size-of-business bracket. With this information the merchant can identify the position of his store as either below, above, or at the sales-average point in his appropriate category. He can make the necessary allowances therefor when comparing figures for stock

turnover and percentages for the various operating expenses and net earnings with his own results.

"Total Inventory Reported" as a section within the tables contains four items of which the first two and the last will be of considerable interest. The first two show total inventories of merchandise for resale of all reporting stores at the beginning and end of the year under review. Individual merchants can thereby take note of the dollar change in such stocks between the two dates which for the sake of convenience may be reduced to percentage form. This variation can then be compared with changes in their own inventory levels to indicate how their own experiences conform with the trend for the group.

"Average Inventory Per Store, End of Year", the last of such inventory items reduces the total end-of-year stocks of reporting retailers to a per store basis and thereby indicates the average amount of capital per store that was invested in stocks at that date. Admittedly these figures have been influenced by wartime conditions which have affected the quantities on hand, the commodity composition of the stocks and the cost prices on which the inventory valuations rest. Moreover, the value of inventories on hand at the end of the year is often an inadequate measure of the stocks which were maintained throughout the period because the end-of-year stocks for many trades tend to reach a relatively low point at that time. In view of such limitations, comparisons based on these averages reveal at the most the extent to which the merchant's residual and immediate supply position conforms with others in his own sales-size bracket. Under normal supply-demand conditions, however, such figures would probably provide on average a better indication of the more basic and minimum inventories which reporting retailers of that size feel were required at that time.

"Stock Turnover (times per year)" is the number of times that reporting stores disposed of their average inventories of merchandise in the year. For purposes of this report, it has been calculated by dividing the average of the total beginning and ending inventories at cost values into the "Cost of Goods Sold". The latter item itself is a computed one, being determined by adding beginning merchandise inventories to purchases and deducting stocks of goods left on hand at the year-end. Merchandise purchases here consists of the invoice value of all goods bought for resale during the year, less returns, allowances and cash and trade discounts, but including duty, inward freight, and express and truckage charges. Obviously the individual merchant must calculate his own stock turnover in the same way before valid comparisons can be made with similar stores. So computed, both stock turnover figures probably overstate the actual number of times the average inventory was disposed of since the beginning and ending inventory figures each reflect year-end valuations when stocks are frequently at their lowest. This does not impair the value of conclusions based on comparisons because the turnover figures for the individual store and sample group of stores are similarly affected.

Having computed his stock turnover in the above manner, the retailer may find the figure for his store somewhat lower than the average for the comparable group of retail establishments. The immediate explanation for this variation of course is that the merchant seemingly used a larger average inventory to obtain his sales volume than the sample of similarly-sized stores used to obtain theirs. The merchant's larger average inventory, in turn, may result from one of three situations, namely, that his opening inventory was higher than the beginning per store inventory for the group, that his ending inventory was larger than the ending per store inventory for the group, or that both his beginning and ending inventories were larger than that of the sample group of stores.

The first of these, that the retailer's opening inventory was out of line

with the average for the group, may be determined by calculating the average per store beginning inventory for his class of store and then making a direct comparison. The merchant's larger beginning inventory may have been caused by the arrival of a comparatively large shipment of merchandise just before the year opened, or to other conditions applying more particularly to operations in the preceding year. The fact, however, that his end-of-year stocks were more closely in line with the average for his group not only indicates a liquidation of part of his inventories, but also suggests that the merchant enjoyed a higher rate of stock turnover during the latter part of the year than that of his class.

The second possibility, that his ending inventory exceeded the average for his group while his beginning stocks were more closely in line, could have been caused by several factors. Thus receipts of merchandise just before his financial year ended may have been sufficiently heavy to produce the comparatively larger inventory position. This would clearly reduce his calculated rate of stock turnover but it would not necessarily mean that his real turnover was lower than the average for his class. Another explanation is that the merchant experienced a lower volume of sales in the closing months of the year than he had expected, while his purchases of merchandise continued unchecked. Such a condition might be a matter of considerable concern, first because of the possibility of continued curtailments in sales and second, because the merchant would be facing a new financial year with a relatively heavy and perhaps unbalanced inventory position.

The third possibility, that the retailer's beginning and ending inventories were both higher than the average beginning and ending per store inventories for the group, from the merchant's viewpoint is probably most significant of all. Some retailers, of course, may end their fiscal years at times when due to seasonal factors their stocks are naturally quite high. In such instances an unreal comparison could result because most of the reporting stores terminated their accounting years at the end of December, January, or February when their stocks were comparatively low. In all other cases, however, such a state of affairs indicates quite definitely that the retailer is using a larger inventory to produce his sales than those used on the average by other stores in his class. For some stores, the size of the floor area or the use of mass displays of merchandise may require heavy but balanced stocks of goods; for others, the comparatively large inventories may result from the policy of purchasing in sizable quantities for quantity discounts, or for other reasons. Such inventories of course require the investment of additional capital in merchandise, but the retailers concerned may feel the risks to be justified in the light of the gains achieved. In other instances, however, the carrying of higher inventories may well suggest the presence in the inventory of unnecessarily large quantities of slow-moving goods which have accumulated over a considerable period. Here, the careful examination of the retailer's inventory position with a view to the clearance of the excessive stocks of particular items may be in order to minimize the possibilities of losses on eventual disposal, to make way for better stocks, and to release capital for more profitable investment in other ways.

"Gross Trading Profit", as has been pointed out earlier, is the difference between net sales of merchandise, including proprietor's withdrawals of goods and receipts from repairs^{and}/services, and the "Cost of Goods Sold". The latter item is calculated by adding beginning merchandise inventories to purchases and then subtracting the inventory of merchandise left over at the end of the period. Merchandise purchases, of course, represents the total invoice cost of the goods less returns, allowances and cash and trade discounts, but includes both duties levied on imported commodities and inward transportation charges. "Cost of Goods Sold" is therefore the cost value of the merchandise which was sold or otherwise disposed of while "Gross Trading Profit" is the gross income fund remaining from store receipts after the merchandise costs have been deducted.

The "Gross Trading Profit", then, arises directly out of the retailer's activities in buying, selling and managing his inventories of merchandise. As such, it can be considered in two ways, that is, the total amount of gross trading profits realized during the period and also the percentage rate at which they are made. To retailers, both aspects are important. The actual amount of such profits is significant because it is from this profit fund that the operating expenses must be deducted before the retailer can properly claim the net earnings which determine his standard of living. The percentage rate is of interest because it is a measure of his success in obtaining a satisfactory overall spread between merchandise costs and sales, and indicates what could reasonably be expected in the future from a given volume of sales.

In the tables, the gross trading profit is shown only as a percentage of sales, thereby setting forth average standards of performance for each of the size and occupancy classes of co-operating stores. These percentages therefore represent the overall maintained mark up on sales which, on average, was obtained by the reporting stores. Such ratios can also be expressed as percentages of cost of goods sold merely by expressing the gross profit percentage as a fraction of the remaining cost of goods sold percentage and multiplying by 100. For instance, if the gross profit forms 25 per cent of sales, the cost of goods sold would form 75 per cent of sales, and the maintained mark up on cost for the store then would be 25 per cent over 75 per cent times 100 per cent, or 33-1/3 per cent on the cost of goods sold.

To compare his own rate of gross trading profit with the average obtained by the reporting stores in his own group the retailer should be sure his gross profits have been calculated in the above manner and then expressed as a percentage of his total net sales including his receipts from repairs and other services rendered. Having done this, the retailer may find his own gross profit percentage, for instance, somewhat lower than the average for the reporting stores in his sales and occupancy group. He can then analyze his own trading activities to uncover by process of elimination the possible reasons for his seeming less-than-average performance.

One or more of a number of factors, together or singly, could depress the merchant's percentage of gross trading profits. On the selling side of the picture it is possible, for instance, that an unusually large proportion of the retailer's sales could have been concentrated in the lower-profit lines of merchandise; in other words, that he was not selling enough of the higher profit items to 'average-up' his gross trading profits. Competition may possibly have required the retailer to sell at relatively low selling prices and thus at relatively small original mark ups over cost values during the period under study. In some cases, merchants may have had satisfactory original mark ups but later on have marked down sharply the retail prices of various items for sales promotional purposes; in others, heavy mark downs may have been taken to clear excessive stocks of slow-moving goods, to sell merchandise depreciated by style changes or by the possible appearance of better goods to replace various types of wartime articles, or to dispose of perishable commodities before total losses were sustained.

Factors relating to purchasing for resale likewise could have had a downward influence on the gross profit percentage. Miscalculations in estimating the demand for certain lines of merchandise, for instance, could have been the original reason for some of the clearance mark downs just described. Difficulties in purchasing goods at cost prices sufficiently low to enable satisfactory original mark ups to competitive selling values to be obtained is another factor. This experience, of course, is at least partly common to other retailers in the same kind of business. Failure to take the full benefit of cash discounts also tends to reduce the gross trading profit percentage. Such discounts, although representing

a worth while addition to the income of the business, will usually not of themselves cause any considerable change in the gross profit percentage.

A number of other factors may also be influential in producing a lower-than-average rate of gross profit. An over-valued beginning inventory, for instance, will cause a larger figure to be shown for cost of goods sold and thereby will reduce gross trading profits. An ending inventory that is under-valued, or one which has been written down in value due to lower cost prices or to depreciation in the quality of the merchandise, will also lead to the same result. Stock shortages, too, will have a similar effect. Here the retailer should perhaps compare his gross profit percentage with those for previous years to see whether a sudden or more gradual drop has been experienced. Merchandise withdrawn by proprietors or by employees as part payment for services rendered, will likewise depress the gross profit percentage if such amounts have not been included in sales at full retail values. In cases where cash receipts are considered as sales the withdrawal of cash by the proprietor without including it in his total receipts, or the transacting of an unusually large proportion of business on a credit basis near the end of the financial year, again will reduce the gross trading profit and its percentage for the year under review.

"Employees' Salaries and Wages", exclusive of all types of cash withdrawals by the individual retailer, may appear higher when expressed as a percentage of his total sales than the average obtained by reporting stores in his own size and occupancy group. Such a situation could mean that the merchant's employees are not as productive of sales volume in proportion to their salaries and wages as those of similar stores. This might result from the fact that the retailer is paying them at higher rates of pay than other merchants in his class. Alternatively, the retailer could be using more full-time and fewer part-time workers than the comparable outlets, or is relying more on male employees than was true of the group of similar reporting stores.

The type of services provided by the retailer to his customers might also be an explanation. Some of these extended on a non-charge basis, such as free delivery, the provision of credit, the making of adjustments and alterations, etc., could have increased the routine work of the store sufficiently to require additional help. Certain other services performed on a charge basis, such as repairs, etc., could also increase staff requirements, even though profitable revenues were obtained.

Certain peculiarities in the retailer's business may also account for the higher-than-average percentage for salaries and wages. If the merchant is conducting a mixed business or, in other words, is operating another business besides his retail store, he may have allocated too high a proportion of his salaries and wages to his store. On the other hand, the proprietor may be giving more of his attention to the other activity, relying to a greater extent on paid help to operate his store.

In some instances the merchant's higher payroll percentage may reflect peculiarities of some of the stores included in the different sample groups of stores. Probably the most important of these is the likelihood that some of the reporting stores may have been relying in part at least on family members for store help. Some of these individuals may not receive any regular wages and others may be paid at less than going rates of pay for their services. The inclusion of these stores in the sample therefore would result in a somewhat lower salary and wage percentage than otherwise would have been shown. In general, however, these peculiarities to the extent that they do exist will probably be most pronounced in the smaller size-of-business groups of stores.

"Rent", when expressed as a percentage of the retailer's total sales may also appear higher than the average for comparable stores. Some allowance, though, should be made for such differences, particularly when merchants who are comparing their results are situated in the larger centers of population. This is because the reporting stores represent the various sizes of locality, including the larger cities in which dollar rents often tend to be somewhat higher than in the smaller places. In the tables, however, these higher rents are 'averaged down' by the lower rental experiences of stores in the smaller localities.

When due regard has been paid to this fact, it may be true that the merchant's rental percentage is still above the average for his group, - in other words that he is not obtaining as large a sales volume per dollar of rent expense as the comparable stores obtained. Several factors, of course, can account for his less-than-average performance. Among these is the possibility that especially severe competition or lack of aggressive promotion may be keeping the retailer's sales volume down; that he has been in business for a relatively short time and has not yet built up his sales volume to the potential his location offers; or that the merchant is situated in a city with particularly high commercial rentals. In other cases, the merchant may be renting more than the space required for his store and yet be charging the full rent to the store business. Here the comparison may not be as adverse as it seems when the proportionate amount of rent is charged against the store.

"Advertising", shown in the tables as average percentages of sales, is based on the sales of all stores in the several categories even though some stores may not have incurred any advertising expenses. This clearly would reduce the average advertising expense ratios below what would have been the average for the stores that advertised, and hence should be allowed for in making comparisons. As in other cases, a higher-than-average advertising expense ratio may be due to a number of possibilities requiring analysis by the merchant concerned. Thus he may have been trying to expand his sales volume through advertising and deliberately incurring high initial expenses for such publicity. Special clearance sales may have been held which required higher-than-average advertising expenditures, or perhaps he found it necessary to advertise heavily as a defensive measure against especially severe competition which may have featured his trading locality. There is also the further possibility that due to various reasons his advertising is not producing the extra business that it should.

"Depreciation", as percentages of total sales, measures the extent to which the owned fixed assets of the store -- including the value of new additions or replacements -- have decreased in value by wear and tear, by getting out of date, or simply by growing older. This of course is a real expense of the business even though it does not immediately involve cash expenditures, for the business man should recover his capital either for investment in new assets or for other uses. The size of this expense obviously depends upon whether the store building is owned or rented, the original costs and types of the fixed assets which are owned, and the rate at which those assets are being written off.

Not all of the co-operating stores reported allowances for depreciation. In some instances, at least, this may have been due to the fact that the fixed assets had already been written off. Quite possibly, the wartime scarcities of equipment, materials and labour may often have prevented replacement or renovation of the fixed assets, thus depressing the depreciation expense percentages below what they would have been in normal times. In other instances where no depreciation was shown, a corrected figure was obtained for depreciation or alternatively an estimate was entered in the tabulations for this expense. In general where correspondence with reporting stores was undertaken the following rates were suggested

for consideration: on cost of building, a maximum of 5 per cent if of wood, and of 2-1/2 per cent if of brick or stone; on delivery equipment, 25 per cent of cost for the first year and 20 per cent thereafter; on fixtures, a maximum of 5 per cent; and on machinery, of 10 per cent per year.

In comparing his own depreciation expense percentage with those shown in the tables, the retailer should recognize that the averages are somewhat lower, frequently in the smaller size groups, than they would have been if only stores reporting depreciation allowances had been taken. If the merchant's depreciation ratio still appears high it is very likely due to certain factors peculiar to his own business. Thus his fixed assets may be more elaborate; their original cost may have been greater; some of them may have been purchased more recently; or the rates of depreciation used may have been higher. In any event the element of depreciation is there, and the rate of allowing for it can only vary on a sound basis between fairly narrow limits.

"Other Operating Expenses", comprise all legitimate expenses still remaining and include heat, light and power, store supplies, taxes other than income taxes, business insurance, losses on bad debts, repairs and maintenance, interest on borrowed money, etc., but do not include proprietor's salaries or withdrawals. As such it is unfortunately too mixed an expense category to permit a detailed analysis of the reasons for the difference between the individual retailer's expense ratio and that of his group. Furthermore the merchant must make an allowance for a reasonable difference between the two expense percentages because of the varying experiences of stores reporting their "all other operating expenses". If his own percentage is still somewhat higher than the average, however, the retailer may well check through his residual expenses to determine the reasons for them and to assess the possibilities of effecting certain reductions in the future.

"Total Operating Expenses", when expressed as a percentage of the store's total sales, is of course merely the sum of the individual expense percentages previously discussed. The difference between the individual merchant's total expense ratio and that of his group is consequently the net result of the variations he finds between his own individual expense items and the averages for his comparable group of stores. These differences could quite possibly cancel each other out to leave the retailer's total expense ratio closely approaching the average for the category against which it is compared. Clearly, however, this does not mean that no opportunities exist for a curtailment in total operating expenses by a careful examination of the individual expenses which were incurred.

"Proprietor's Net Earnings Before Income Taxes and Withdrawals" is obviously the final result and financial objective of the retailer's merchandising activities. In percentage form it is the measure of the merchant's success in keeping his gross trading profit and his total operating expenses sufficiently far apart to yield a positive percentage of net earnings which is, of course, exclusive of non-trading incomes such as return on investments, rentals received and so forth. If, then, the retailer's percentage of net earnings is less-than-average, it must be due to either one - or both - of two factors: i.e., a lower-than-average gross trading profit percentage, or a higher-than-average total operating expense ratio, the possible causes of which have already been commented upon.

"Average Proprietor's Net Earnings Per Store", as already explained, consists of the total reported net earnings divided by the number of co-operating stores. Expressed as a percentage of total net sales, this item will frequently appear large. This is because it contains two dissimilar and unmeasured elements, one being the remuneration usually thought of as the proprietor's real salary for

managing the business, the other consisting of the net trading profits which are in turn made up of a legitimate reward for exceptional merchandising abilities and a return on capital invested - and risked - in the enterprise. Allowances must therefore be made in the dollar figures shown in this item for the proprietor's managerial services before the real profitability of the individual store or the comparable group of stores can be appraised.

Discussion in this section, it will be noted, has dealt with three phases of the problem of "How The Retailer Can Use Information On Operating Results" in studying his stock turnover and his various profit and expense items. First has come an explanation of what each item is and how it is made up. Then it was assumed, for purposes of comparison only, that the retailer's results were inferior to the average for his comparable class of stores. This, in turn, was followed by a discussion of the possible operating factors which might have caused the poorer results. Many of these factors, however, would have resulted in average or better-than-average performances being obtained if their direction had been reversed. For this reason, therefore, no attempt was made to analyze the reasons for higher-than-average operating results.

Finally, it will be observed that no recommendations were made for the correction of adverse conditions. Frequently such conditions, such as particularly severe competition, are in fact hard realities which must be faced. Here, as in other cases, analysis based on facts and imagination must be relied upon to solve many of the individual problems of retail managements.

PART II - MEN'S CLOTHING OR CLOTHING AND FURNISHINGS STORES

Trends by Size of Business, 1944

This classification of retail stores consists chiefly of establishments selling a general line of men's apparel including ready-made suits and coats in addition to furnishings such as underclothing, neckwear, shirts and hosiery. Stores selling furnishings to the extent of 80 per cent or more of their total trade, however, were not included in this kind of business but were classified as "men's furnishings stores". Statistics on the operating costs of the latter kind of stores, unfortunately, could not be presented in the present series of reports, the sample being far too small to justify the publication of the information.

As can be expected from these rules of classification, men's clothing or clothing and furnishings stores tend to concentrate heavily on these lines of goods. Thus according to the reports of such stores reporting a breakdown of their sales by classes of commodities in the 1941 Census of Merchandising about 94 per cent of their total sales on average were made up of men's and boys' clothing and furnishings with 5 per cent consisting of shoes and about 1 per cent of miscellaneous merchandise. Of the 94 per cent for clothing and furnishings, moreover, about 13 per cent of total sales consisted of custom tailoring and made-to-measure clothing while 38 per cent of total sales was comprised of ready-made clothing, 34 per cent of furnishings, and 9 per cent of all other clothing. It is such stores, then, which were sampled to produce the statistics on operating results which are shown in Tables 1 and 2 of this part of the bulletin.

A total of 158 usable schedules were received from independent men's clothing or clothing and furnishings stores giving figures on their results for 1944. When these were sorted into the ten sales-size and occupancy classes of stores only one report was included in the less than \$10,000 sales grouping for owned establishments. No statistics are, therefore, shown in Table 1 for this classification. In the nine remaining categories, the numbers of stores represented is considerably larger but in six of these the reports numbered 15 or fewer, and hence the statistics should be interpreted more as indicators than as accurate overall measures of operating results.

Proceeding now to the statistics presented in Table 1, it will be seen that the nine stock turnover averages varied between a low of 1.8 and a high of 3.3 times in 1944. There was, with one exception, among the five ratios for rented stores a clear tendency for the averages to increase with size of business. For owned stores the number of stock turns increased steadily from 2.0 times in the \$10,000 to \$20,000 to 3.3 times in the \$50,000 and over sales classes. For rented stores, on the other hand, the ratios moved up from 1.8 times in the less than \$10,000 to 2.6 times in the \$10,000 to \$20,000 sales grouping, dropped slightly to 2.5 times in the \$20,000 to \$30,000 sales size, returned to 2.6 times in the next classification, and rose to 3.1 times for stores having sales of \$50,000 or over in 1944. This upward trend, it may be noted, is a natural one because a comparatively small sales volume would require at least a fairly complete and balanced inventory of merchandise for efficient retailing and hence a relatively low rate of stock turn would here be recorded. From that point onward, however, moderate expansions in inventories would provide the basis for relatively larger increases in sales volume, and thus for progressive increases in rates of stock turnover.

Attesting to the sizable amounts of capital invested in merchandise inventories, the nine average end-of-year stocks of men's clothing or clothing and furnishings stores ranged between a low of \$2,079 and a high of \$28,058 per store in

1944. These averages, moreover, increased steadily in amount as the size of business expanded. In terms of total inventories reported, however, the inventory levels were lower in five of the nine sales-size and occupancy classifications at the end of 1944 than at the start of the period with decreases in fact running between nearly 2 and 23 per cent of beginning values. No change was apparent in one while increases of about 3, 5 and 12 per cent were recorded in the three other groupings.

Average rates of gross trading profit in the nine classifications of stores ranged between 22.8 and 30.3 per cent of sales. Among the four sales sizes of owned stores, the gross profit ratios increased steadily from 22.8 per cent in the \$10,000 to \$20,000 sales grouping to 27.7 per cent of sales in the \$50,000 and over sales class. On the other hand, the trend for rented outlets was generally downward, the averages declining from 30.3 per cent in the less than \$10,000 sales category to 25.6 per cent in the \$30,000 to \$50,000 size of business, from which it rose against the trend to 28.1 per cent of sales for stores with annual sales of \$50,000 and over. Too much weight, however, should not be attached to this variation in trend because the numbers of stores included in the four sales groupings of owned stores were for the most part considerably smaller than the numbers included in the corresponding classification of rented outlets.

Turning now to the ratios for operating expenses, salaries and wages to paid employees as percentages of sales generally varied directly with sales, the percentages increasing in magnitude as the size of business became greater. For owned stores this was a consistent trend, the averages rising from 3.5 per cent in the \$10,000 to \$20,000 to 5.4 per cent in the \$30,000 to \$50,000 and to 8.0 per cent of sales in the \$50,000 and over sales groupings. The especially marked increase from 5.4 to 8.0 per cent, it may be noted, is due in part at least to the fact that average sales per store expanded very sharply from \$40,477 in the \$30,000 to \$50,000 size to \$119,674 per outlet in the \$50,000 and over sales size. For rented men's clothing or clothing and furnishings stores the averages moved up from 2.0 per cent in the less than \$10,000 to 3.8 per cent in the \$10,000 to \$20,000 size of business, dropped slightly to 3.6 in the next, and then rose to 4.4 and 7.3 per cent in the \$30,000 to \$50,000 and the \$50,000 and over sales brackets. Here again the sharp increase between the two largest sales categories must be attributed in part at least to the decided gain in store sales volumes from \$37,625 per rented outlet in the \$30,000 to \$50,000 to \$84,940 per store in the \$50,000 and over classification. In general, the comparatively uniform upward trend in the payroll percentages can be attributed partly to the additional work of an indirect nature involved in handling the greater sales volumes but principally to the fact that the relative importance of the proprietor's clerical services decreases as the stores become larger.

Rental expenses stood at the comparatively high figure of 6.8 per cent of sales for stores in the less than \$10,000 sales grouping in 1944. From that point on the ratios moved steadily downward as sales volumes expanded until the low of 2.3 per cent of sales in the \$50,000 and over size of business was reached.

Advertising expenditures as percentages of sales ranged in 1944 between a low of 0.1 and a high of 1.0 per cent of sales for the nine sales and occupancy classes of stores with two of them having averages of 0.1 per cent, three with 0.4 per cent, two with 0.7, one with 0.8 and one with 1.0 per cent of reported sales. No consistent trend is in evidence for the ratios to vary either directly or indirectly with changes in the size-of-business groupings, although it can be pointed out that the largest sales classes for both owned and rented stores each recorded the highest percentage averages for local advertising expenses.

Depreciation allowances, a relatively fixed expense, ranged in 1944 between

0.4 and 1.0 per cent of sales for the nine sales and occupancy classifications of men's clothing stores. Among the owned outlets there was an irregularly downward tendency in the four depreciation percentages as the size of business increased, the averages first moving upward from 0.7 per cent in the \$10,000 to \$20,000 sales class to 1.0 per cent in the \$20,000 to \$30,000 size and then declining to 0.7 and 0.5 per cent of total sales in the two largest sales categories. For rented stores the highest average at 0.6 per cent of sales occurred in the less than \$10,000 sales size from which it receded to 0.4 per cent of sales in each of the four larger sizes of business. Such stability, of course, meant that the dollar allowances for depreciation became greater in the larger sizes of rented stores; and this in turn attests to the progressively greater value of fixtures which on average were in use in each succeeding size grouping of stores. Reflecting the larger investments of capital in the fixed assets of owned-store businesses, moreover, the depreciation percentages for these outlets were consistently greater than those of their rented counterparts in each of the store sizes for which comparisons can be made.

Other operating expenses, as used in these reports, consist of such residual operating costs as supplies, communications, taxes other than income taxes, insurance, light, heat and power, repairs, bad debt losses, interest on borrowed money, alteration costs, and sundry expenses. Some of these items, it may be noted, are items which were probably quite commonly experienced and were reported by most of the stores in the sample, while others, like repairs, interest on borrowed money, and losses on bad debts, etc., may have varied rather widely in amount and in the extent to which they were encountered and included in this expense classification. Possibly because of this reason, the ratios for other operating expenses were quite irregular in pattern. Thus for owned stores the averages declined from 7.2 per cent of sales in the \$10,000 to \$20,000 sales size to 6.2 per cent in the \$20,000 to \$30,000 class but then rose to 6.6 and 7.1 per cent of sales in the two larger groupings. For rented stores, on the other hand, the ratios increased from 4.2 per cent in the less than \$10,000 sales category to 5.9 in each of the two immediately larger sizes of business, dropped to 4.5 per cent in the \$30,000 to \$50,000 sales bracket to rise finally to 5.0 per cent of sales for stores with sales of \$50,000 and over. Due in some measure at least to the higher occupancy expenses which owned stores usually experience, the averages for these outlets were uniformly larger than those of the rented clothing stores.

Total operating expenses, summarizing the expenses just described, varied for the nine sales and occupancy classes of men's clothing stores between lower and upper limits of 11.8 and 16.6 per cent of sales. Among the four classifications of owned establishments, the ratios exhibited an upward trend, rising from 11.8 per cent of sales in the \$10,000 to \$20,000 and the \$20,000 to \$30,000 sales sizes to 15.1 and 16.6 per cent in the two larger classifications. For the five classes of rented stores the trend was more irregular, the averages rising from 13.7 per cent in the less than \$10,000 sales size to 14.4 per cent of sales in the \$10,000 to \$20,000 grouping, receding to 14.0 and 12.8 per cent of sales in the two larger categories, and then moving upward to 15.8 per cent of total sales in the \$50,000 and over size of business.

Proprietor's net earnings before income taxes and withdrawals and including both the reward for his clerical services and his net trading profits ranged for the nine classifications between 11.0 and 16.6 per cent of total sales, with six of them between the much narrower limits of 12.3 and 13.4 per cent of reported dollar volumes. By size of business, however, very little in the way of a consistent trend in the averages can be noted. Thus for owned stores, the ratios moved up from 11.0 per cent in the \$10,000 to \$20,000 sales size to 12.3 and 13.4 per cent in the two middle categories and then dropped back to 11.1 per cent in the \$50,000 and over sales class. Among the five groups of rented establishments a tendency to stability

can be seen for apart from the ratio of 16.6 per cent of sales recorded for net earnings in the less than \$10,000 size of business the four remaining percentages were closely grouped between narrow limits of 12.3 and 12.8 per cent of total sales. This comparative steadiness, it may be noted, is due to the fact that variations in the ratios for gross trading profits by size of business are mostly offset by opposing changes in the average percentages for total operating expenses.

Average proprietor's net earnings per store, on the other hand, increased consistently with expansions in the sizes of business. Thus for owned stores, the dollar averages ranged upward from \$1,520 per store in the \$10,000 to \$20,000 sales grouping to \$5,433 per store in the \$30,000 to \$50,000 and to \$13,238 per outlet in the \$50,000 and over sales sizes. A similar progression is apparent in the figures for rented outlets, the averages rising from \$864 per store in the less than \$10,000 size to \$4,827 in the \$30,000 to \$50,000, and to \$10,398 per store in the \$50,000 and over sales category. Especially marked increases in average net earnings per store for both owned and rented establishments, it will be noted, occurred between the \$30,000 to \$50,000 and the \$50,000 and over sales classifications. This is due entirely to the fact that sales per store were much larger in the \$50,000 and over than in the \$30,000 to \$50,000 sales sizes, the average sales for owned stores in these two groups amounting to \$119,674 and \$40,477 per outlet, and for rented establishments to \$84,940 and \$37,625 per unit in 1944.

Operating Results of Continuing Stores in 1941 and 1944 Compared

Only 105 out of the 158 usable schedules received from co-operating men's clothing or clothing and furnishings stores were able to provide figures on their operating results for both 1941 and 1944. These reports have therefore been sorted into three enlarged sales classifications and the statistics for these groupings are presented in Table 2 of this part of the bulletin. Here it is necessary to note that the 105 reports have been assigned to their sales and occupancy categories for both 1941 and 1944 entirely on the basis of the volume of business transacted in the earlier year and without regard to the sales they obtained in the later period. This permits the trends in operating results between 1941 and 1944 to be determined for the identical retail establishments. It should be stated, however, that the trends so noted are not necessarily indicative of the experiences of all continuing men's clothing stores because of the comparatively small samples upon which the statistics are based.

A glance at the total sales figures shown in Table 2 is sufficient to indicate that both owned and rented stores in each of the three sizes of business experienced on average sharply higher sales volumes in 1944 than in 1941. These increases for the three sales sizes in fact ranged between 28 and 51 per cent over 1941 sales levels for owned, and between 29 and 45 per cent for rented stores. In both occupancy types, moreover, the percentage gains were less for the larger than the smaller businesses. Overall, the total sales of owned and rented stores reporting information on operating results recorded a gain of about 35 per cent over 1941 volumes. On the other hand, the Bureau's monthly sales indexes of a much larger sample of continuing stores indicated an increase of about 29 per cent above the 1941 sales volumes of the reporting men's clothing stores.

Due to the substantial increases in sales which the reporting stores enjoyed, the rates of stock turnover were higher in 1944 than in 1941 for all six of the sales and occupancy classes of outlets. Thus during 1941 the stock turnover averages for the six classifications ranged between outside limits of 1.5 and 2.4 turns in the year while in 1944 the ratios varied between 2.4 and 4.0 times per year. This upward movement is of course a natural one for these clothing stores were experiencing sharply higher consumer demands and sales volumes against which the

supplies of merchandise were relatively at least somewhat limited.

Indeed an inspection of the statistics presented in Table 2 will indicate that average inventories per store, end of year, were consistently somewhat lower at the end of 1944 than at the end of 1941. These declines in fact ranged for the six classifications of stores between about 5 and 20 per cent of the average stocks per store for the end of the earlier period for an overall decline of nearly 10 per cent. For both owned and rented stores, however, the smallest average decreases were recorded by the smallest sizes of stores, a circumstance which may be related to the fact that it was the same groups of stores which also experienced the largest percentage gains in sales between the two years. Overall, the average ending inventories per store for the six classes of men's clothing stores ranged between \$5,052 and \$28,951 per outlet for 1941 and between \$4,217 and \$23,277 per establishment for 1944; and by size of business became steadily larger in both years as the sales-size groupings expanded.

Gross trading profits in percentage form varied for the six sales and occupancy classes of continuing stores between 24.9 and 28.6 per cent of total sales in 1941 against outside limits of 21.5 and 29.0 per cent of sales in the more recent period. In five of the six groupings, the averages were lower in 1944 than in 1941, but in only three of these were the decreases at all important with the contractions in the ratios here amounting to 3.4, 1.4 and 0.8 percentage points, while in the remaining classification an increase of 0.4 points was recorded between the two years. These figures, of course, provide some evidence of a downward trend in the rates of gross trading profit between the years in question. It must be noted, however, that the numbers of reports included in each of the six groupings of men's clothing stores are unfortunately too small to establish with any degree of accuracy at the present time either the direction or the extent of changes in overall margins of gross profit between 1941 and 1944.

The average ratios for total operating expenses were consistently lower in 1944 than in 1941 in all six of the sales and occupancy classifications of men's clothing stores. During the earlier year the six sets of averages ranged between 11.8 and 18.4 per cent of sales and in 1944 between the lower figures of 10.5 and 16.6 per cent of the dollar volume. In all but one of the six classes the decreases were rather important, the five declines here being contained between outside limits of 1.3 and 2.7 percentage points which in fact represented relative decreases running roughly between 10 and 17 per cent of the 1941 ratios. Reflecting the influence of size of business upon expense levels, however, the percentages of total operating expenses for owned and rented stores in both years with but one minor exception increased steadily as the sales-size groupings became larger.

Incorporating the results of changes in the percentage averages for gross trading profits and total operating expenses, proprietor's net earnings before income taxes and withdrawals were higher as percentages of total sales in four of the six classes of stores in 1944 than in 1941. These gains varied between 1.1 and 2.5 percentage points and represented expansions in the four net earning ratios of between about 9 and 21 per cent over the 1941 rates of net earnings. In two instances decreases were reported, the averages for owned stores in the less than \$20,000 sales class dropping from 13.1 per cent in the earlier to 11.0 per cent of total sales in the later period while a much smaller decline from 9.6 to 3.4 per cent of total sales was recorded by the 6 owned stores with 1941 sales of \$50,000 or over. In summary the six averages for net earnings for 1941 ranged between 9.6 and 13.1 per cent of sales in 1941 and between 9.4 and 13.9 per cent of reported dollar volumes in 1944. By size of business, it will be observed, these averages with two exceptions moved downward for owned and rented stores in each of the two years with expansions

in the sales classifications.

Expressed in dollar figures, on the other hand, the averages for proprietor's net earnings per store were all sharply higher in 1944 than in the earlier period. This result, of course, was caused mainly by the substantial increases in sales volumes which the six groupings of stores experienced during the wartime period but was also aided by the gains in the rates of net earnings which were recorded in four of these classifications of continuing stores. Overall the six averages varied in 1941 from a low of \$1,406 to a high of \$8,679 per store and between outside limits of \$1,791 and \$12,725 per outlet in 1944. By size of business, moreover, the figures increased sharply and consistently in both years as the sales-size groupings became larger.

Among the several types of operating expenses, the salary and wage ratios were lower in four of the six sets of averages in 1944 and were virtually unchanged from 1941 percentage levels in the other two groupings. Overall the six payroll averages ranged between 4.1 and 8.4 per cent of total sales in 1941 and between the lower outside limits of 3.1 and 8.2 per cent of sales in the later period. This downward trend, it may be noted, results clearly from higher average sales per paid employee. The declines in average payroll ratios, however, were in fact too small to prevent the dollar payroll costs from rising somewhat between the two years.

Rentals, as percentages of total sales varied downward by size of business from 3.8 to 3.0 per cent of sales in 1941 and from 2.9 to 2.4 per cent of the dollar volumes in 1944. These expenses in dollars are of course generally fixed in nature and hence form smaller proportions of total sales as the business becomes larger.

Advertising, a controllable expense, was comparatively low in each of the two years, the six sets of averages for owned and rented stores ranging between 0.4 and 1.3 per cent of sales in 1941 and between 0.3 and 1.1 per cent of the volume in the later period. No consistent downward trend in the averages between the two years, however, is apparent, there being three cases in which minor declines were shown, two recording slight increases, and one which remained unchanged. By size of business, on the other hand, the ratios in most instances increased in each year as the sales-size grouping became larger.

Depreciation allowances, another relatively fixed dollar expense, varied somewhat erratically between the two years under review with three of the six categories showing decreases, two remaining constant and one actually recording a slight increase. Overall the six averages ranged from a low of 0.3 to 1.3 per cent of sales in 1941 and from 0.3 to 0.9 per cent of the dollar volume in 1944. The depreciation expense ratios for owned stores in both years, however, were consistently higher than the averages for their rented counterparts, a clear reflection of the greater investments which their owners had made in the store properties of their businesses.

With but one exception in which no change was indicated, the percentages for other operating expenses were somewhat lower in 1944 than in 1941. The smallest decrease amounted to only 0.2 percentage points but the other four ranged from 0.7 to 1.3 percentage points which were significant reductions when compared with the ratios recorded for other operating expenses in the earlier year. Overall the six averages varied between 5.4 and 7.9 per cent of sales in 1941, and between the lower outside limits of 4.6 and 6.6 per cent of sales in the later period. No consistent and clearly discernable trend by size of business is apparent in the figures for either year but by types of occupancy the averages for owned stores were all somewhat higher than for the corresponding sizes of clothing stores which were rented.

Table 1.--Men's Clothing or Clothing and Furnishings Stores - Operating Results
for Stores Classified According to 1944 Sales Size and Occupancy Basis, Canada, 1944.

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting		15	11	13
2. Total Sales		\$78,104	\$152,155	\$199,173
3. Average Sales Per Store		5,207	13,832	15,321
Total Inventory Reported,	SAMPLE			
4. Beginning of Year		29,688	57,966	63,716
5. End of Year	TOO	31,180	59,217	49,247
6. Average for Year		30,434	58,892	56,482
Average Inventory Per Store,	SMALL			
7. End of Year		2,079	5,438	3,788
8. Cost of Goods Sold		54,438	117,464	144,998
9. Stock Turnover (times per year) ..		1.8	2.0	2.6
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit		30.3	22.8	27.2
Operating Expenses:				
11. Employees' Salaries and Wages ..	SAMPLE	2.0	3.5	3.8
12. Rent		6.8	-	3.6
13. Advertising		0.1	0.4	0.7
14. Depreciation	TOO	0.6	0.7	0.4
15. Other Operating Expenses		4.2	7.2	5.9
16. Total Operating Expenses	SMALL	13.7	11.8	14.4
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		16.6	11.0	12.8
18. Average Proprietor's Net Earn- ings Per Store		\$864	\$1,520	\$1,955

Table 1.--Men's Clothing or Clothing and Furnishings Stores - Operating Results
for Stores Classified According to 1944 Sales Size and Occupancy Basis, Canada, 1944.
(Cont.)

AMOUNT OF ANNUAL SALES							
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over			
Owned	Rented	Owned	Rented	Owned	Rented		
GENERAL INFORMATION							
6	26	10	26	10	40	1.	
\$162,371	\$641,076	\$404,774	\$978,244	\$1,196,743	\$3,397,584	2.	
27,062	24,657	40,477	37,625	119,674	84,940	3.	
54,549	192,217	120,935	284,307	249,808	793,391	4.	
46,760	182,084	113,556	280,066	280,575	793,335	5.	
50,655	190,151	117,246	282,187	265,192	793,363	6.	
7,793	7,234	11,356	10,772	28,058	13,233	7.	
123,240	469,909	297,509	727,814	865,245	2,442,800	8.	
2.4	2.5	2.5	2.6	3.3	3.1	9.	
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)							
24.1	26.7	26.5	25.6	27.7	28.1	10.	
4.5	3.6	5.4	4.4	8.0	7.3	11.	
-	3.4	-	3.1	-	2.3	12.	
0.1	0.7	0.4	0.4	1.0	0.8	13.	
1.0	0.4	0.7	0.4	0.5	0.4	14.	
6.2	5.9	6.6	4.5	7.1	5.0	15.	
11.8	14.0	13.1	12.8	16.6	15.8	16.	
12.3	12.7	13.4	12.8	11.1	12.3	17.	
\$3,325	\$3,141	\$5,433	\$4,827	\$13,238	\$10,398	18.	

Table 2.--Men's Clothing or Clothing and Furnishings Stores - Operating Results for
Stores Classified According to 1941 Sales Size and Occupancy Basis, Canada, 1941
and 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$20,000			
	1 9 4 1		1 9 4 4	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting	10	23	10	23
2. Total Sales	\$107,339	\$315,455	\$162,376	\$457,314
3. Average Sales Per Store	10,734	13,715	16,238	19,883
Total Inventory Reported,				
4. Beginning of Year	43,874	129,734	42,054	138,046
5. End of Year	50,524	152,600	42,172	144,556
6. Average for Year	47,199	141,167	42,113	141,301
Average Inventory Per Store,				
7. End of Year	5,052	6,635	4,217	6,285
8. Cost of Goods Sold	80,612	231,859	127,465	337,040
9. Stock Turnover (times per year) ..	1.7	1.6	3.1	2.4
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit	24.9	26.5	21.5	26.3
Operating Expenses:				
11. Employees' Salaries and Wages ..	4.1	4.9	3.1	3.9
12. Rent	-	3.8	-	2.9
13. Advertising	0.4	0.6	0.4	0.7
14. Depreciation	0.8	0.3	0.5	0.3
15. Other Operating Expenses	6.5	5.5	6.5	4.6
16. Total Operating Expenses	11.8	15.1	10.5	12.4
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	13.1	11.4	11.0	13.9
18. Average Proprietor's Net Earn- ings Per Store	\$1,406	\$1,570	\$1,791	\$2,770

Table 2.--Men's Clothing or Clothing and Furnishings Stores - Operating Results for Stores Classified According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944 (Cont.)

AMOUNT OF ANNUAL SALES							
\$20,000 to \$49,999				\$50,000 and Over			
1941		1944		1941		1944	
Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented

GENERAL INFORMATION

10	37	10	37	6	22	6	22	1.
\$260,661	\$1,168,393	\$379,510	\$1,643,365	\$539,389	\$1,743,711	\$690,208	\$2,255,213	2.
26,066	31,578	37,951	44,415	89,898	79,260	115,035	102,510	3.
119,221	417,278	121,183	436,089	153,596	484,216	115,419	495,688	4.
127,920	452,610	111,780	426,266	173,704	548,359	139,661	494,406	5.
123,571	434,944	116,482	431,178	163,650	516,288	127,540	495,047	6.
12,792	12,233	11,178	11,521	28,951	24,925	23,277	22,473	7.
187,415	847,085	275,904	1,214,447	399,148	1,245,010	513,515	1,601,201	8.
1.5	1.9	2.4	2.8	2.4	2.4	4.0	3.2	9.

PROFIT AND LOSS DATA

(Items Expressed As Percentages of Sales)

28.1	27.5	27.3	26.1	26.0	28.6	25.6	29.0	10.
7.0	5.3	6.3	5.2	8.4	8.2	8.1	8.2	11.
-	3.7	-	2.7	-	3.0	-	2.4	12.
0.5	0.7	0.3	0.4	1.0	1.3	1.1	0.9	13.
1.3	0.4	0.9	0.4	0.3	0.5	0.5	0.4	14.
7.9	5.7	6.6	4.6	6.7	5.4	6.5	4.7	15.
16.7	15.8	14.1	13.3	16.4	18.4	16.2	16.6	16.
11.4	11.7	13.2	12.8	9.6	10.2	9.4	12.4	17.
\$2,957	\$3,693	\$5,009	\$5,681	\$8,679	\$8,085	\$10,850	\$12,725	18.

PART III - WOMEN'S READY-TO-WEAR STORESTrends by Size of Business, 1944

By Census definitions, these stores deal principally in women's coats, suits and dresses, with or without the usual related lines of accessories such as hosiery, lingerie, millinery, etc. Piece goods may be sold in minor quantities but when such sales form as much as 50 per cent of the total trade, the store is classified as a general merchandise and dry goods store.

So classified, the sales of the women's ready-to-wear stores which reported a breakdown of their sales by commodity classes in the 1941 Census of Merchandising consisted on average of women's, misses' and children's clothing to the extent of 95 per cent of their dollar volume. This total was made up of women's and misses' ready-to-wear outerwear to the extent of about 73 per cent of total sales; women's and misses' underwear, 8 per cent; hosiery, 6 per cent; furs and fur goods, 3 per cent; millinery, 3 per cent and of girls' and infants' wear which amounted to about 2 per cent of total store sales. The remaining 5 per cent consisted of dry goods and notions at slightly under 4 per cent of total sales while shoes and other footwear, miscellaneous merchandise and receipts from repairs and services in total amounted to a little over 1 per cent of the total dollar volume.

A comparatively good sample of 199 usable reports on 1944 operating results were received from women's ready-to-wear stores co-operating in the recent survey. When these were classified by size of business and then broken down between owned and rented stores, however, only 6 schedules appeared in the less than \$10,000 sales size for owned outlets while in the four remaining sales classes of owned establishments the numbers of reports were even smaller. Statistics on operating results are therefore presented in Table 1 for the one grouping of owned stores and the five sales classes of rented outlets which in total rest upon the use of 187 individual store schedules. For the five categories of rented outlets the samples are quite large ranging between 27 and 52 reports but considerable care should be used in interpreting the results for the one division of owned establishments because of the very small sample upon which the figures rest.

Referring now to the operating results shown in the table, it will be seen that the six ratios for stock turnover varied between 2.2 and 5.3 times in the year. Taking only the five sales sizes of rented stores, the ratios moved steadily higher from 3.0 times in the less than \$10,000 grouping to 5.3 times in the \$30,000 to \$50,000 size of business. From that point the average receded to 4.9 times in the \$50,000 and over sales category, a drop which may be due in part at least to an expansion and elaboration in the lines of merchandise which these large-volume stores felt it was desirable to carry. Average ending inventories per store for the six sales and occupancy classifications ranged between outside limits of \$1,545 and \$11,654 per store in 1944. Reflecting the necessity of having heavier stocks of merchandise to handle larger volumes of business, these averages moved steadily higher from the low of \$1,545 per store recorded in the less than \$10,000 sales size to \$5,032 and \$11,654 per outlet in the \$30,000 to \$50,000 and the \$50,000 and over groupings of rented establishments. The especially sharp jump in average stocks between the \$30,000 to \$50,000 and the \$50,000 and over sizes, it may be noted, was due to the pronounced expansion in store sales volumes for average sales rose from \$37,141 in the former to \$80,041 per rented outlet in the largest size of business.

Inventory levels, judged from total stocks reported at the beginning and end of the year were for the most part somewhat higher at the close of 1944. Indeed, apart from decreases of about 6 and 2 per cent for owned stores in the less than

\$10,000 and for rented establishments in the \$50,000 and over categories, the increases ranged between about 1 and 11 per cent of beginning values in the four smaller sizes of rented stores. Overall a gain of slightly over 1 per cent was shown for all five classifications of rented stores. These increases are much too small to permit any conclusions to be drawn respecting changes in the physical quantities or dollar valuations of merchandise held in stock.

The six averages for the gross trading profits for women's ready-to-wear stores varied in 1944 between the relatively narrow outside limits of 27.4 and 31.8 per cent of total sales reported with little evidences of a trend by size of business being apparent. The highest ratio, it will be noted, occurred in the less than \$10,000 sales grouping where the owned and the rented stores recorded averages of 31.8 and 30.3 per cent of the dollar volume. Thereafter the rates of gross margin for rented outlets dropped to 27.6 per cent in the \$10,000 to \$20,000 sales size, rose to the plateau of 29.6 and 29.1 per cent in the \$20,000 to \$30,000 and the \$30,000 to \$50,000 groupings, and then dropped to an average of 27.4 per cent of sales for stores having sales of \$50,000 and over in the year under review.

Among the expenses, salaries and wages disbursed to paid employees moved steadily higher as percentages of total sales with expansions in the sizes of business, the progression for rented stores starting at 1.1 per cent of the total dollar volume in the less than \$10,000 sales size and ending at the average of 8.3 per cent for stores with 1944 sales of \$50,000 and over. This movement is probably due principally to the decreasing relative importance of the proprietor's clerical services in relation to the work involved in the operation of the larger stores; and to some extent at least it may be due to the possibility that a certain amount of additional help is required to perform the administrative and more indirect activities which are involved in the operation of the larger sizes of stores. For the one sales class of owned stores with sales of less than \$10,000 the comparatively high payroll ratio of 4.4 per cent of sales is shown. This, as will be observed, is out of line with the average of 1.1 per cent which rented establishments of the same size obtained and must be attributed to the presence of erratic conditions within the restricted sample of 6 owned establishments whose sales amounted to \$10,000 or less in the period under review.

Rentals as percentages of sales followed the opposite trend and became steadily smaller as the size of business increased. Thus, standing at 6.6 per cent of total sales in the less than \$10,000 sales grouping, the ratio declined sharply to 3.7 per cent in the \$10,000 to \$20,000 sales class, receded more moderately to 3.6 and 3.3 per cent in the two larger sizes, and then fell somewhat more markedly to a level of 2.5 per cent of sales in the \$50,000 and over classification.

Advertising expenditures for the six groupings of women's ready-to-wear stores varied between a low of 0.2 and 1.0 per cent of sales in 1944. The averages for rented stores, moreover, varied directly with size of business, the ratios moving upward from 0.2 per cent in the less than \$10,000 to 0.3 per cent of sales in each of the next two sales categories and then to 0.5 and 1.0 per cent of sales in the \$30,000 to \$50,000 and the \$50,000 and over sizes of business. This trend, all the more significant because it is consistent, may well reflect both the desire to expand and the increasing competition for customers and patronage which the larger women's wear stores often encounter from competitors in their own trade as well as from department stores and often too from family clothing establishments.

Depreciation allowances as a dollar expense is, of course, dependent upon the value of fixed assets used in the business. It is therefore not surprising to find that the depreciation expense ratio of 1.1 per cent of sales for owned stores in the less than \$10,000 sales size was somewhat greater than the average of 0.6

per cent recorded by rented outlets in the same sales category, for the former have additional amounts of capital tied up in their store properties. Among the five groupings of rented women's ready-to-wear stores, the average dropped from 0.6 per cent in the smallest sales size to 0.5 per cent of sales in the \$10,000 to \$20,000 sales class, and then flattened out at the slightly lower average of 0.4 per cent of sales in the three largest sizes of business. Here the decline from 0.6 to 0.4 per cent possibly suggests that the value of installed furniture and fixtures, though larger, did not rise in proportion to the expansion which took place in average sales per store between the less than \$10,000 and the \$20,000 to \$30,000 classifications. On the other hand, the levelling-off in depreciation at 0.4 per cent of sales in the three larger sizes of business may indicate that the fixed asset values were here quite closely related to the progressively higher levels of business which these reporting stores handled in 1944.

Other operating expenses include such items as supplies, communications, taxes other than income taxes, insurance, light, heat and power, repairs, bad debt losses, interest on borrowed money, alteration costs, and sundry expenses. Such costs, for the five groupings of rented women's ready-to-wear stores, generally contracted in percentage terms as the sales sizes became larger, the ratios declining from 6.1 per cent of sales in the less than \$10,000 sales size to 4.7 per cent in the \$50,000 and over sales grouping. This downward trend, of course, merely means that a considerable proportion of these expenses while expanding dollarwise did not increase at the same rate from one size of business to the next as did the gain in average sales per store and therefore were spread more thinly over larger volumes of business. Probably reflecting the higher occupancy costs such as repairs, taxes, insurance, etc., which the owned stores in the less than \$10,000 sales grouping properly included in other operating expenses, the ratio for the comparatively small sample of 6 stores here stood at 10.4 per cent of sales, somewhat larger than the average of 6.1 per cent recorded for their rented counterparts in the same sales class.

Total operating expenses, consolidating in trend the individual items described above, ranged in 1944 for the six sales and occupancy groupings of retail establishments between the fairly narrow outside limits of 14.6 and 16.9 per cent of total sales. Among the five classifications of rented stores, the ratios consistently tended to expand as the sizes of business became larger, the averages rising from 14.6 per cent for the less than \$10,000 sales size to the high of 16.9 per cent of sales for stores having dollar volumes of \$50,000 or over in the year under review. This trend, it may be noted, was due principally to the fact that the pronounced upward movement in the salary and wage ratios more than offset the contractions which occurred in the averages for rent, depreciation, and other operating expenses as the sales sizes expanded.

On the other hand, average proprietor's net earnings before income taxes and withdrawals, including both the reward for his clerical services and his net trading profits, generally declined in percentage terms as the sizes of rented stores became larger. This downward movement, it will be observed, resulted partly from the somewhat lower average rates of gross profits recorded in the larger sizes of business and partly from the consistent increases in the total expense ratios. Thus starting at 15.7 per cent of sales in the less than \$10,000 sales class, the net earnings ratio dropped markedly to 12.6 per cent in the \$10,000 to \$20,000 category, rose slightly to 13.2 per cent in the \$20,000 to \$30,000 size, and then declined to 12.4 and 10.5 per cent of sales in the two largest sales classifications.

Notwithstanding this trend in rates of net earnings, however, the dollar figures for rented stores became sharply higher in the larger sizes of business. Here the average net earnings for rented stores began their upward progression at \$365 per outlet in the less than \$10,000 sales size and thence increased steadily

to \$1,914 per store in the \$10,000 to \$20,000 class, \$3,316 per establishment in the \$20,000 to \$30,000 grouping, \$4,618 per unit in the \$30,000 to \$50,000 category, and to the high of \$8,390 per store in the \$50,000 and over classification. A considerable gain in the averages, it will be seen, took place between the \$30,000 to \$50,000 and the \$50,000 and over classes where the figures almost doubled. This of course is a clear reflection of the major increase in the size of business, for average sales per store jumped from \$37,141 per outlet in the former to \$80,041 per store in the largest size of business.

Operating Results of Continuing Stores in 1941 and 1944 Compared

Only 110 out of the 199 usable reports received from co-operating women's ready-to-wear stores were able to provide figures on their operating results for both 1941 and 1944. When these were classified into the three enlarged sales-size groupings and then sorted between owned and rented stores, however, a total of only 9 reports were included in the three sales classes of owned establishments. These samples were considered far too small to justify the publication of figures for such sizes of stores. For the three groupings of rented outlets the samples are comparatively large, there being 42 of the 101 remaining reports included in the less than \$20,000 group, 39 in the \$20,000 to \$50,000 group and 20 in the \$50,000 and over classification. Statistics for these classifications are therefore presented in Table 2 of this section of the bulletin.

It is important to note, however, that the 101 reports for rented stores were assigned in Table 2 to their sales categories for both 1941 and 1944 entirely on the basis of the volume of business transacted in the earlier year and without regard to the sales they obtained in the later period. This permits the trends in operating results between 1941 and 1944 to be determined for identical retail establishments. It should be stated, however, that the trends so noted are not necessarily accurate measures of the trends of all continuing women's ready-to-wear stores for a much larger sample of such stores would be required for that purpose.

A quick inspection of the total sales shown in Table 2 will reveal that the sales of the three classes of reporting stores were all substantially greater in 1944 than in 1941. These increases indeed amounted to about 48 per cent over reported sales for 1941 in the less than \$20,000 sales size, to around 36 per cent in the \$20,000 to \$50,000 grouping and to 29 per cent for women's ready-to-wear stores with sales of \$50,000 and over in 1941. There was thus a clear tendency for the smaller establishments to experience greater rates of increase than those obtained by the larger ones. Overall, the three classifications of rented stores recorded a total gain of 34 per cent over the earlier period. This compares with an increase of about 40 per cent over the same period which is shown in the Bureau's monthly sales indexes of a much larger sample of continuing women's clothing stores. The rates of expansion are of course moderately close but the difference does suggest that a number of the stores reporting their operating results for both years experienced in fact somewhat lower percentage gains than those included in the Bureau's sample for monthly sales trends.

Due partly to the increase in sales volumes and partly to a comparative stability in the value of ending inventories, the rates of stock turnover for the three sales classes of rented stores were all higher in 1944 than in 1941. This trend of course was a reflection partly of the increase in consumer demand and partly of the relatively restricted supplies of merchandise which were available in the later period. Thus during 1941 the three averages for stock turnover stood

at 3.1, 4.7 and 3.9 times per year against corresponding averages of 3.8, 5.8 and 4.7 times in 1944.

Average year-end inventories per store, in dollar figures, were not greatly changed in 1944 from their levels in 1941. Thus average inventories stood at \$2,406, \$4,837 and \$13,695 per outlet in each of the three groupings in 1941 and at the corresponding figures of \$2,800, \$4,995 and \$13,497 per store at the close of 1944. In percentage terms, the greatest change was experienced in the less than \$20,000 sales size where an average increase of about 16 per cent was obtained but in the \$20,000 to \$50,000 sales class the gain over 1941 levels amounted to only about 3 per cent, and the largest stores reported the small decrease of 1.5 per cent. Overall the increase for all three groupings amounted to a little over 3 per cent. By size of business these changes followed the pattern appearing in average sales per store with the smaller sizes of stores having the greatest percentage increases from 1941 levels.

Average rates of gross trading profit formed 29.1, 28.3 and 27.2 per cent of total sales in the less than \$20,000, the \$20,000 to \$50,000 and the \$50,000 and over sales sizes of reporting stores for 1941 and 29.4, 28.7 and 27.7 per cent of sales in the corresponding classifications of women's ready-to-wear stores in 1944. There was consequently little change recorded in the ratios of gross profits although it may be noted that the averages were all slightly higher in the more recent year.

Total operating expenses as percentages of total sales, on the other hand, were all consistently lower in 1944 than in 1941. During the earlier year the three average ratios formed 15.9, 18.9 and 18.8 per cent of total sales while in 1944 the corresponding percentages stood at the lower figures of 14.3, 17.3 and 16.9 per cent of the dollar volumes. These decreases in fact represented contractions of 1.6 percentage points in the first two sizes and 1.9 points in the third grouping, declines actually amounting to percentage decreases of between roughly 8.5 and 10 per cent of the total expense ratios recorded for the earlier year.

Reflecting the combined results of changes in the gross trading profit and total expense ratios between the two years, proprietor's net earnings before income taxes and withdrawals in percentage form were all higher in the more recent period. Thus in 1941 the net earnings ratios for the three groups of rented stores formed 13.2, 9.4 and 8.4 per cent of total sales against the somewhat higher averages for the same classifications of 15.1, 11.4 and 10.8 per cent of the dollar volumes reported for 1944. These increases, it will be noted, amounted to gains of 1.9, 2.0 and 2.4 percentage points which in turn represented increases of about 14, 21 and 29 per cent over the rates of net earnings ratios recorded for 1941. By size of business, the percentages for both years were less in the larger than in the smaller sizes of stores, a result due to the decreases in rates of gross trading profit and the increases in the total expense ratios which consistently took place as the sales-size groupings expanded.

Following the general trend between 1941 and 1944, the dollar figures for average proprietor's net earnings per store were likewise consistently larger in the more recent year. Thus in 1941 the averages for the three sizes of business amounted to \$1,325, \$2,763 and \$5,973 per store while in the later period the averages had expanded to \$2,245, \$4,538 and \$9,854 per store, increases due in minor degree to the gains in the percentage rates of net earnings, and in principal part to the sharply larger sales volumes which the reporting stores experienced in the more recent year.

Turning now to the different operating expenses, it may be noted that the salary and wage percentages were slightly lower in two of the three sales sizes of rented stores and slightly higher in the remaining sales class. During 1941, the payroll ratios in the less than \$20,000, the \$20,000 to \$50,000 and the \$50,000 and over sales groupings formed 5.4, 7.4 and 8.8 per cent of total sales, and in 1944 amounted to 5.0, 7.6 and 8.4 per cent of the dollar volumes. Resulting from this comparative stability in the salary and wage percentages, it is probable that on average the dollar payroll costs for the reporting stores increased between the two years at approximately the same rates as the gains in average sales.

Rentals as percentages of sales were all lower in 1944 than in 1941, the three averages dropping from 4.5, 4.1 and 3.1 per cent of sales in 1941 to the corresponding figures of 3.3, 3.2 and 2.5 per cent of sales in the later year. Such expenses in dollars are of course relatively fixed in nature and therefore form smaller proportions of total sales as the dollar volumes expand.

Advertising expenses in percentage terms remained fairly stable in the two years under review. Thus during 1941 the three averages formed 0.4, 0.5 and 1.3 per cent of sales against corresponding averages of 0.4, 0.5 and 1.1 per cent of sales in 1944. This comparative steadiness in the ratios, however, suggests that the dollar publicity costs of the reporting stores were on average larger in 1944 than in 1941 by approximately the same rates of increase as those which were recorded for average sales per store. By size of business, on the other hand, the larger sizes of stores consistently recorded higher percentages for advertising in both years than those shown for the smaller groups of reporting women's ready-to-wear outlets.

Depreciation allowances as percentages of sales were also virtually unchanged between the two years, the three averages amounting to 0.3, 0.5 and 0.5 per cent of sales in 1941, and to 0.4 per cent of sales in each of the three sizes of business in 1944. Here again the stability in the ratios resulted on average in the dollar allowances for depreciation being substantially greater in 1944 than in 1941. This in turn suggests that either the reporting stores had increased the fixed assets against which the enlarged depreciation allowances were made; or were utilizing the high revenues of the wartime period to write-off their fixed assets more quickly with perhaps a view to the possible renovation or replacement of some of the fixed assets at a later date.

Other operating expenses in percentage form were lower in all three sizes of business in 1944 than in 1941 but the decline in one classification was very small. For 1941 these ratios stood at 5.3, 6.4 and 5.1 per cent of sales in the less than \$20,000, the \$20,000 to \$50,000 and the \$50,000 and over sales groupings and for 1944 amounted to 5.2, 5.6 and 4.5 per cent of sales in the corresponding sales classes.

Table 1.--Women's Ready-To-Wear Stores - Operating Results for Stores Classified According to 1944 Sales Size and Occupancy Basis, Canada, 1944.

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owued	Rented	Owued	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting	6	27		52
2. Total Sales	\$34,249	\$169,276		\$787,379
3. Average Sales Per Store	5,708	6,269		15,142
Total Inventory Reported,			SAMPLE	
4. Beginning of Year	11,029	37,732		145,411
5. End of Year	10,326	41,710	T00	155,317
6. Average for Year	10,678	39,721		150,364
Average Inventory Per Store,			SMALL	
7. End of Year	1,721	1,545		2,987
8. Cost of Goods Sold	23,358	117,985		570,062
9. Stock Turnover (times per year) ..	2.2	3.0		3.8
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit	31.8	30.3		27.6
Operating Expenses:				
11. Employees' Salaries and Wages ..	4.4	1.1		4.8
12. Rent	-	6.6	SAMPLE	3.7
13. Advertising	0.3	0.2		0.3
14. Depreciation	1.1	0.6	T00	0.5
15. Other Operating Expenses	10.4	6.1		5.7
			SMALL	
16. Total Operating Expenses	16.2	14.6		15.0
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	15.6	15.7		12.6
18. Average Proprietor's Net Earn- ings Per Store	\$890	\$985		\$1,314

Table 1.--Women's Ready-To-Wear Stores - Operating Results for Stores Classified According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES						
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over		
Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION						
	41		29		32	1.
	\$1,029,856		\$1,077,101		\$2,561,298	2.
	25,118		37,141		80,041	3.
SAMPLE		SAMPLE		SAMPLE		
	155,218		143,348		380,397	4.
TOO	157,320	TOO	145,921	TOO	372,922	5.
	156,269		144,635		376,660	6.
SMALL		SMALL		SMALL		
	3,837		5,032		11,654	7.
	725,019		763,665		1,859,502	8.
	4.6		5.3		4.9	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
	29.6		29.1		27.4	10.
	6.3		7.1		8.3	11.
SAMPLE	3.6	SAMPLE	3.3	SAMPLE	2.5	12.
	0.3		0.5		1.0	13.
TOO	0.4	TOO	0.4	TOO	0.4	14.
	5.8		5.4		4.7	15.
SMALL		SMALL		SMALL		
	16.4		16.7		16.9	16.
	13.2		12.4		10.5	17.
	\$3,316		\$4,618		\$8,390	18.

Table 2.--Women's Ready-To-Wear Stores - Operating Results for Stores Classified According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$20,000			
	1 9 4 1		1 9 4 4	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting		42		42
2. Total Sales		\$420,511		\$621,435
3. Average Sales Per Store		10,012		14,796
Total Inventory Reported,	SAMPLE		SAMPLE	
4. Beginning of Year		91,895		112,481
5. End of Year	TOO	101,067	TOO	117,610
6. Average for Year		96,481		115,046
Average Inventory Per Store,	SMALL		SMALL	
7. End of Year		2,406		2,800
8. Cost of Goods Sold		298,142		438,733
9. Stock Turnover (times per year) ..		3.1		3.8
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit		29.1		29.4
Operating Expenses:				
11. Employees' Salaries and Wages ..		5.4		5.0
12. Rent	SAMPLE	4.5	SAMPLE	3.3
13. Advertising		0.4		0.4
14. Depreciation	TOO	0.3	TOO	0.4
15. Other Operating Expenses		5.3		5.2
	SMALL		SMALL	
16. Total Operating Expenses		15.9		14.3
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		13.2		15.1
18. Average Proprietor's Net Earn- ings Per Store		\$1,325		\$2,245

Table 2.--Women's Ready-To-Wear Stores - Operating Results for Stores Classified According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944 (Cont.)

AMOUNT OF ANNUAL SALES							
\$20,000 to \$49,999				\$50,000 and Over			
1 9 4 1		1 9 4 4		1 9 4 1		1 9 4 4	
Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
GENERAL INFORMATION							
	39		39		20		20
	\$1,149,050		\$1,558,012		\$1,413,715		\$1,818,154
	29,463		39,949		70,686		90,908
SAMPLE		SAMPLE		SAMPLE		SAMPLE	
	164,605		191,456		253,020		283,856
TOO	188,638	TOO	194,789	TOO	273,906	TOO	269,930
	176,622		193,123		263,463		276,893
SMALL		SMALL		SMALL		SMALL	
	4,837		4,995		13,695		13,497
	823,869		1,110,863		1,029,185		1,314,525
	4.7		5.8		3.9		4.7
PROFIT AND LOSS DATA							
(Items Expressed As Percentages of Sales)							
	28.3		28.7		27.2		27.7
	7.4		7.6		8.8		8.4
SAMPLE	4.1	SAMPLE	3.2	SAMPLE	3.1	SAMPLE	2.5
	0.5		0.5		1.3		1.1
TOO	0.5	TOO	0.4	TOO	0.5	TOO	0.4
	6.4		5.6		5.1		4.5
SMALL		SMALL		SMALL		SMALL	
	18.9		17.3		18.8		16.9
	9.4		11.4		8.4		10.8
	\$2,763		\$4,538		\$5,973		\$9,854

PART IV - FAMILY CLOTHING STORES

Trends by Size of Business, 1944

These stores by definition sell a general line of men's, women's and children's clothing, or furnishings, or clothing and furnishings. Other items such as piece goods, notions, house furnishings and shoes may be carried but sales of clothing or furnishings must form at least 50 per cent of the total business.

So classified, the sales of family clothing stores reporting a breakdown of their sales by commodity classes in the 1941 Census of Merchandising consisted on average of clothing and furnishings to the extent of 79.3 per cent of their total sales. The balance was comprised of sales of dry goods and notions at 8.9 per cent of the dollar volume; shoes and other footwear, 8.1 per cent; house furnishings, 1.7 per cent; all other merchandise, 1.6 per cent; and receipts from services and repairs amounting to 0.4 per cent of total sales. The figure of 79.3 per cent for sales of clothing and furnishings in turn was made up of men's and boys' apparel items which formed 35.7 per cent of total sales, and of women's, misses' and children's apparel which amounted to 43.6 per cent of the volume of business. A further breakdown of these items indicated that the figure of 35.7 per cent for men's and boys' apparel consisted of sales of custom tailoring and made-to-measure clothing to the extent of 3.2 per cent of total sales; ready-made clothing 12.8 per cent; furnishings, 13.2 per cent; and all other men's and boys' clothing amounting to 6.5 per cent of total sales. Women's, misses' and children's apparel as reported in the Census was composed of women's and misses' ready-to-wear outerwear at 23.4 per cent of sales, and of underwear to the extent of 5.6 per cent of sales; girls' and infants' wear, 2.8 per cent; millinery, 1.4 per cent; hosiery, 5.0 per cent; and of furs and fur goods to the extent of 5.4 per cent of total sales.

Resulting from the nature of the lines of merchandise they sell, family clothing stores combine or average out within themselves many of the features of men's clothing, and women's ready-to-wear stores. Compared with either of these more specialized kinds of apparel stores, the inventories of family clothing stores are spread over wider and more divergent lines of merchandise. This involves a wider range of merchandising problems arising out of the different price, style, size and stock turnover characteristics which the more extended inventories of goods possess. In addition, the methods of display and selling may also vary in some degree. These features all tend to be reflected in operating results. For this reason, therefore, the reader may find it interesting to compare the statistics presented in the table for family clothing stores with those shown in Table 1 in the preceding sections for men's clothing and women's ready-to-wear stores.

Turning now to the information presented in the table, it will be noted that a total of 138 usable schedules were received from family clothing stores co-operating in the recent survey of operating costs. These were classified into five sizes of business ranging from a less than \$10,000 sales size to a \$50,000 and over classification. Such groupings were then separated by type of occupancy as between owned and rented stores and figures were compiled for each of these ten sales and occupancy classes of family

clothing stores. In a number of instances the samples were quite small for in six of the ten divisions the reports on which the statistics were based numbered less than 15, and the statistics for these should therefore be used with some caution. For much the same reason, no figures were compiled to present a comparison of operating results for 1941 and 1944, the number of schedules giving figures for both years unfortunately being too small to justify the compilation.

Average rates of stock turnover, it will be observed, varied for the ten sales and occupancy classes of stores between 1.8 and 3.7 times for 1944. Among the five groups of owned establishments, the rate of stock turnover was higher for the larger than the smaller businesses, the averages here moving consistently higher as the size of business became larger. In the case of rented stores, the rates of stock turnover were almost uniform for the first four sizes of business where they varied only slightly from an average of 2.6 times. For the larger stores, however, the rate was somewhat higher at 3.1 times for 1944. These rates of turnover were close to those recorded by the corresponding classifications for men's clothing stores but were somewhat lower than those shown in comparable groupings for women's ready-to-wear stores in 1944.

Merchandise inventories on hand at the end of 1944 ranged between averages of \$1,890 and \$25,533 per store for the ten groupings of family clothing outlets shown in the table. These inventories rose consistently and for the most part steeply for both owned and rented establishments as the store sizes became larger, a clear indication of the expansion and elaboration which took place in stocks of merchandise with increases in size of business. Most of these average inventories, a comparison with the preceding sections will reveal, were higher than those recorded in the corresponding classifications of men's clothing stores while all of the comparable averages were higher than those shown for women's ready-to-wear stores at the end of 1944. This of course results from the fact that family clothing stores must maintain balanced inventories of both men's and boys', and of women's, misses' and children's apparel, a condition leading naturally to the holding of larger stocks of merchandise than those usually maintained by their more specialized competitors.

The inventory levels of family clothing stores, as judged from total inventories reported, were for the most part somewhat higher at the end of 1944 than at the beginning of the year. In nine of the ten sales and occupancy classes of stores the gains in fact varied from about 3 to 10 per cent over total beginning inventories with six of the nine showing relative expansions of 7 per cent or more. In one of the classifications a decrease of about 6 per cent was recorded, a fact which, in view of the consistent gains shown in the other categories, may be attributed to the non-typical experiences of some of the outlets which were included in that size of business. Overall the inventories of owned stores increased by an average of about 3 per cent against a gain of about 7 per cent for rented establishments and a combined expansion of about 5 per cent for both occupancy types of retail outlets.

Average rates of gross trading profits for the ten classes of reporting family clothing stores ranged between 19.9 and 30.7 per cent of sales in 1944. The highest ratios for both owned and rented stores occurred in the smallest

size of business where the two occupancy types of stores with sales of less than \$10,000 obtained respective averages of 26.1 and 30.7 per cent of total sales. Thereafter the trends moved irregularly downward as store size increased until averages of 22.8 and 25.7 per cent of sales were recorded by owned and rented stores with sales of \$50,000 or over in the year under review. These rates of gross profit, it may be noted, were somewhat lower than those recorded in six of the nine corresponding classifications of men's clothing stores and in five of the six comparable groupings of women's ready-to-wear establishments. No statistical information is available to explain these differences. Nevertheless it is possible that the family clothing stores with their greater diversity of merchandise were handling more of the staple lines of goods than were their more specialized competitors, and hence were deriving somewhat lower percentages of gross profit from their sales than was true of either the men's or the women's apparel stores which reported in the recent survey.

Turning now to the operating expenses, it will be seen that employees' salaries and wages varied for the ten classes of family clothing stores between 1.8 and 7.9 per cent of sales in 1944. Here the averages with but two exceptions moved progressively higher as the sizes of the reporting stores became larger. For owned stores the upward trend started at 1.8 per cent of sales in the less than \$10,000 sales size, rose to 2.2 per cent in the next and to 4.7 per cent in the \$20,000 to \$30,000 sales grouping, dropped slightly to 4.3 per cent in the \$30,000 to \$50,000 category and increased finally to 5.5 per cent in the \$50,000 and over size of business. For rented establishments the payroll ratios averaged 2.8 per cent in the less than \$10,000 sales grouping, dropped to 2.2 per cent in the \$10,000 to \$20,000 size, and then rose to 4.6, 4.8 and 7.9 per cent of sales in the three larger sizes of business. This, of course, is to be expected, for both the selling and the more indirect types of work increase steadily as the size of the stores moves upward while at the same time the share of this work performed by the proprietors naturally becomes steadily smaller.

By comparison with the more specialized apparel outlets, the salary and wage ratios of reporting family clothing stores tended to occupy a middle position between the averages obtained in 1944 for men's and for women's clothing stores. Thus the ratios for family clothing establishments were higher than those of men's clothing stores in five of the nine corresponding classifications and were less than those of women's clothing stores in five of the six comparable groupings. This pattern was also apparent in the results of the 1941 Census of Merchandising. Here the payroll percentage for all independent family clothing stores, both incorporated and unincorporated, stood at 9.3 per cent of sales, a mid-point between the averages of 8.5 per cent for men's clothing and of 10.1 per cent for women's ready-to-wear stores. Due among other things to different kinds of commodities handled and the methods and time involved in selling them, employees' salaries and wages formed a higher proportion of the sales dollar of the women's than of the men's clothing stores. Family clothing stores, however, handle both men's and women's apparel and it is therefore not surprising that their payroll ratios should average out to the middle percentage figures shown above.

Rentals as a percentage of sales was highest at 3.5 per cent of sales for rented family clothing stores in the less than \$10,000 sales grouping.

Thereafter the ratios decreased steadily as the store sizes became larger until the ratio of 2.0 per cent was finally reached in the \$50,000 and over classification. These percentages, moreover, were all lower than those obtained by the similarly-sized groups of men's clothing and women's ready-to-wear stores which reported for 1944 in the recent survey. Such differences, although possibly resulting in part from other factors, could have been caused by a tendency for more of the responding family clothing stores to be situated in the smaller centers than was true of the men's or women's clothing outlets. Here it may be noted that family clothing stores according to the 1941 Census of Merchandising were in fact concentrated more in the smaller urban centers where rental charges are presumably somewhat lower than were either the men's or the women's clothing establishments. Indeed according to that Census about 57 per cent of family clothing stores were located in places of 10,000 population or less against only 38 per cent for men's and only 32 per cent for women's apparel outlets.

Average percentages for advertising were low in most of the ten groupings of stores with the ratios in eight of them ranging from less than 0.1 to 0.5 per cent of sales in 1944 while in two the relatively high figures of 0.8 and 1.5 per cent were recorded. No marked tendency was apparent for the ratios to vary either directly or indirectly with size of business during the year under review. The percentages for family clothing stores, however, were generally lower than those of the corresponding classifications of men's clothing and women's ready-to-wear stores, a fact which was true in six of the nine comparable classes of men's, and in four of the six groupings of women's apparel outlets.

Depreciation allowances on average ranged between 0.4 and 1.4 per cent of reported dollar volumes for the ten sales and occupancy classifications of family clothing establishments in 1944. By size of business the trend was somewhat irregular but nevertheless in a downward direction. Thus the ratios for owned stores declined from 1.4, 1.2 and 1.4 per cent of sales in the three smaller sales groupings to 0.7 per cent in the \$30,000 to \$50,000 and to 0.4 per cent in the \$50,000 and over store classes. For rented stores the ratios moved from 0.7, 0.5 and 0.6 per cent in the same sales sizes to 0.4 and 0.5 per cent in the \$30,000 to \$50,000 and the \$50,000 and over sizes. By type of occupancy, however, the relationships were more regular with the percentages for owned stores being higher than those of rented establishments in four of the five sales classes. Suggesting the likely presence of more extensive furniture and fixtures, the depreciation ratios for these stores were higher than those recorded for men's apparel establishments in six of the nine comparable classifications but exceeded the averages for women's clothing stores in only four of the six comparisons.

Other operating expenses, including such residual operating costs as supplies, communications, taxes other than income taxes, insurance, light, heat and power, repairs, bad debt losses, interest on borrowed money, alteration costs, and sundry expenses, ranged for the ten averages between 3.8 and 9.1 per cent of sales in 1944. Some of these, like supplies, taxes, insurance, etc., were commonly experienced while others like repairs, bad debt losses, interest on borrowed money, etc., may have varied widely in amount and in the extent to which they were encountered and reported. Possibly due to this reason, the ratios for other operating expenses were irregular in the downward trend they

followed. Thus moving from the smallest to the largest size of business, the averages for owned stores dropped from 9.1 per cent in the less than \$10,000 sales size to 5.7 per cent in the next, then rose to 8.7 per cent and declined to 5.2 and 3.8 per cent in the two largest sales groupings while for rented stores the percentages decreased from 6.9 per cent in ^{the} less than \$10,000 store size to 4.9 per cent in the next, then increased to 5.3, declined again to 4.5 and ended at 5.2 per cent in the largest size of business. Owned family clothing stores in four out of the five sales groupings had higher ratios for other operating expenses than their rented counterparts, a relationship probably due to the greater content of occupancy costs in the other expenses of the former type of outlets. In comparison with the experiences of the two more specialized kinds of clothing outlets, the averages for family clothing stores were lower than those recorded by men's clothing stores in only five of the nine corresponding classifications and by women's ready-to-wear stores in only four out of six categories which were comparable.

Total operating expenses for the ten sales and occupancy classes of family clothing stores ranged between a low of 9.1 and a high of 16.4 per cent of sales in 1944. By size of business, however, the trends in the total expense ratios were quite irregular for both owned and rented establishments. Thus for the five groupings of owned outlets, the averages started at 12.5 per cent of sales in the less than \$10,000 sales size, dropped to 9.1 per cent in the \$10,000 to \$20,000 sales grouping, rose sharply to 16.1 per cent in the \$20,000 to \$30,000 store size and receded to 10.5 and 10.2 per cent of sales in the two largest sales classifications. For rented stores, the averages began with the relatively high figure of 14.1 per cent of sales in the less than \$10,000 sales size and then dropped to 10.8 per cent, rose to 13.4 per cent, declined again to 12.3 per cent and then rose to 16.4 per cent in the successively larger sizes of stores. Overall the total expense ratios for family clothing stores were less than those of men's clothing outlets in six of the nine comparable groupings and were less than those of women's ready-to-wear stores in all six of the corresponding classifications.

Proprietor's net earnings before income taxes and withdrawals and including both the reward for his personal services and his net trading profit return, varied for the ten classes of family clothing stores between outside limits of 9.0 and 16.6 per cent of total sales in 1944. By size of business, the rates of net earnings for owned stores were somewhat lower for the medium-sized stores than for the small and large ones. Thus the ratios started at the relatively high figure of 13.6 per cent of sales in the less than \$10,000 sales grouping, receded to the lower averages of 12.5, 9.0 and 9.4 per cent in the next three larger sales sizes and then rose sharply to 12.6 per cent of sales in the \$50,000 and over classification. In the case of rented establishments, however, the percentages moved irregularly downward from the high of 16.6 per cent of sales in the less than \$10,000 to 13.1, 14.4, 11.7 and 9.3 per cent of sales in the four successively larger sizes of business. Irregularity also featured the comparisons of the net earnings' ratios for family clothing stores with the averages for their more specialized counterparts. Here the percentages were greater than those obtained by men's clothing stores in only four of the nine corresponding sales sizes, and exceeded those for women's ready-to-wear stores in only three of the six cases where comparisons were possible.

Average proprietor's net earnings per store in dollars increased consistently with expansions in size of business. For owned family clothing stores, the averages moved sharply upward from \$745 per store in the less than \$10,000 to \$3,802 in the \$30,000 to \$50,000 and \$14,997 per outlet in the \$50,000 groupings. For rented establishments the figures for net earnings started at \$1,118 in the smallest and rose steadily to \$4,619 in the \$30,000 to \$50,000 and to \$8,161 per store in the \$50,000 and over classifications. Quite marked increases in the averages, it will be noted, occurred between the \$30,000 to \$50,000 and the \$50,000 and over sizes of business. This expansion was of course mainly due to substantial differences in average sales per store, the figures for owned stores amounting to \$40,430 and \$118,906 and for rented outlets to \$39,525 and \$88,221 per store in the last two sales sizes.

Typical Operating Stores - Operating Results Per Store Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944.

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented

GENERAL INFORMATION

1. Number of Stores Reporting	8	8	10	15
2. Total Sales	\$43,996	\$53,810	\$149,056	\$237,224
3. Average Sales Per Store	5,500	6,726	14,906	15,815
Total Inventory Reported,				
4. Beginning of Year	16,889	13,895	61,230	71,631
5. End of Year	18,294	15,118	57,798	77,512
6. Average for Year	17,592	14,507	59,514	74,572
Average Inventory Per Store,				
7. End of Year	2,287	1,890	5,780	5,167
8. Cost of Goods Sold	32,513	37,290	116,860	180,527
9. Stock Turnover (times per year) ..	1.8	2.6	2.0	2.4

PROFIT AND LOSS DATA
(Items Expressed As Percentages of Sales)

10. Gross Trading Profit	26.1	30.7	21.6	23.9
Operating Expenses:				
11. Employees' Salaries and Wages ..	1.8	2.8	2.2	2.2
12. Rent	-	3.5	-	3.0
13. Advertising	0.2	0.2	(a)	0.2
14. Depreciation	1.4	0.7	1.2	0.5
15. Other Operating Expenses	9.1	6.9	5.7	4.9
16. Total Operating Expenses	12.5	14.1	9.1	10.8
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	13.6	16.6	12.5	13.1
18. Average Proprietor's Net Earn- ings Per Store	\$745	\$1,118	\$1,864	\$2,066

(a) Less than .05 per cent.

Family Clothing Stores - Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES					
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over	
Owned	Rented	Owned	Rented	Owned	Rented

GENERAL INFORMATION						
6	17	8	27	13	26	1.
\$175,173	\$412,823	\$323,443	\$1,067,163	\$1,545,772	\$2,293,743	2.
29,196	24,284	40,430	39,525	118,906	88,221	3.
58,256	104,657	89,361	300,284	321,213	532,916	4.
63,204	115,021	93,380	320,613	331,932	563,009	5.
60,730	109,839	91,371	310,449	326,573	547,963	6.
10,534	6,766	11,673	11,875	25,533	21,654	7.
131,205	298,058	259,078	811,044	1,193,336	1,704,251	8.
2.2	2.7	2.8	2.6	3.7	3.1	9.

PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
25.1	27.8	19.9	24.0	22.8	25.7	10.
4.7	4.6	4.3	4.8	5.5	7.9	11.
-	2.4	-	2.3	-	2.0	12.
1.3	0.5	0.3	0.3	0.5	0.8	13.
1.4	0.6	0.7	0.4	0.4	0.5	14.
8.7	5.3	5.2	4.5	3.8	5.2	15.
16.1	13.4	10.5	12.3	10.2	16.4	16.
9.0	14.4	9.4	11.7	12.6	9.3	17.
\$2,612	\$3,503	\$3,802	\$4,619	\$14,997	\$8,161	18.

PART V - FAMILY SHOE STORES

Trends by Size of Business, 1944

Family shoe stores as the name implies combine within themselves the handling of men's, women's and children's shoes and other footwear. They may carry subsidiary lines of merchandise such as baggage and other leather goods while shoe repair services in some cases may also be provided.

These stores are nevertheless specialized to a high degree in the handling of footwear. Indeed the sale of shoes and other footwear formed 97.2 per cent of the total sales of those stores which analyzed their 1941 dollar volumes by classes of commodities in their Census returns for that year. This figure in turn consisted of boots and shoes at 79.6 per cent of total sales; rubbers and overshoes at 12.8 per cent; all other footwear at 4.8 per cent; clothing and miscellaneous merchandise at 2.3 per cent, and receipts from repairs and services which formed 0.5 per cent of their total dollar volumes. Boot and shoe sales at 79.6 per cent, it may be noted, were made up of sales of men's and boys' types to the extent of 28.7 per cent of total sales, of women's and misses' at 43.9 per cent, and of children's and infants' types at 7.0 per cent of total sales in 1941.

A total of 165 usable schedules giving figures on operating results for 1944 were received from family shoe stores co-operating in the recent survey. These were then sorted into five sizes of business for stores having sales of less than \$10,000, between \$10,000 to \$20,000, \$20,000 to \$30,000, \$30,000 to \$50,000, and of \$50,000 or over in the period under review. The classifications were further broken down into groupings for owned and rented establishments. At that point it became apparent that the number of reports for owned stores in each of the five store sizes was too small to justify the publication of averages for them. For rented stores, however, the size of the sample was much larger with the numbers of usable reports in each of the five sizes of business ranging between 14 and 45 schedules for a total of 145 returns.

Turning now to the statistics on operating results presented in Table 1, it will be seen that the average rate of stock turnover for the five sizes of rented stores varied between a low of 1.8 and a high of 3.4 times in 1944. With but one minor exception, stock turnovers were higher for the larger stores, the low rates of 1.9 and 1.8 in the less than \$10,000 and the \$10,000 to \$20,000 sales grouping giving place to turnovers of 2.6, 3.0 and 3.4 times in the three larger classes of establishments. This trend was of course a natural one for having obtained a comparatively balanced complement of merchandise the inventory could support somewhat larger volumes of sales without proportionate increases in those stocks, a relationship then contributing to faster rates of stock turn.

Attesting to the substantial inventories which the reporting shoe stores carried to maintain satisfactory size, price and style ranges in their stocks, their average inventories per store varied between \$2,613 and \$17,277 per store at the end of 1944. These averages, moreover, increased steadily and in places rather sharply as the stores became larger. Thus the average

year-end stocks expanded from \$2,613 per store in the less than \$10,000 sales size to \$6,055 and \$6,955 in the \$10,000 to \$20,000 and the \$20,000 to \$30,000 groupings, thence to \$9,741 in the \$30,000 to \$50,000 sales class and finally to \$17,277 per outlet for stores with 1944 sales of \$50,000 or over. The pronounced gain from \$9,741 per store in the \$30,000 to \$50,000 to \$17,277 in the \$50,000 and over classification, however, was due at least partly to the major increase in the sizes of stores being compared for average sales per store jumped from \$40,802 in the former to \$81,383 in the latter size of business.

Changes in inventory levels between the beginning and end of 1944 may be appraised from the total inventories shown for these two dates in Table 1. In the three smaller sizes of business increases were experienced, the gains in fact amounting to about 22, 4 and 6 per cent over beginning figures, but declines of about 3 and 1 per cent were recorded in the two larger store groupings. Overall, however, the total ending inventories reported were up by less than 1 per cent from beginning levels.

Average rates of gross trading profit for the five size categories of family shoe stores varied between a low of 27.0 and a high of 29.9 per cent of sales for 1944. By size of business the smallest and the largest sizes of store had the two highest ratios of gross trading profit at 29.9 and 28.3 per cent of sales while in the three middle groupings the lower averages of 28.1, 27.0 and 27.1 per cent of sales were obtained.

Turning now to the operating expenses, the five series of averages for employees' salaries and wages ranged consistently upward from 2.1 per cent of sales in the less than \$10,000 to 3.8, 5.3, 6.8 and 8.2 per cent of total sales in the four progressively larger sizes of stores. This rising trend is probably due principally to the decreasing share of the work which the proprietors of the larger stores perform. In some degree it may also reflect the fact that certain additional help is required by the larger stores to handle the greater administrative and other indirect activities involved in their operation.

Rent, unlike salaries and wages, is clearly a fixed expense once the lease has been negotiated and therefore presents the retailer with the opportunity to reduce the weight of this cost by spreading the rental charges over a larger volume of sales. This process is illustrated in the rentals percentages, for the ratios dropped steadily from 4.3 per cent of the total dollar volumes in the less than \$10,000 sales grouping to 3.5, 3.3, 3.3 and 2.8 per cent in the four larger sizes of business.

Advertising costs as percentages of sales, however, exhibited a contrary pattern and varied directly with amount of sales made. Thus commencing at 0.2 per cent of sales in the less than \$10,000 sales grouping, the averages for the reporting family shoe stores increased steadily to 0.4, 0.5, 0.6 and 0.9 per cent of sales in the four progressively larger store sizes. This trend, all the more significant because it is consistent, could have been prompted by several reasons such as that of building up consumer recognition and goodwill in anticipation of more competitive conditions in the post war period, of retaining present patronage or actually of obtaining new customers.

Depreciation allowances in ratio form although somewhat less regular moved generally downward as the sizes of rented stores became larger. The averages were therefore highest in the less than \$10,000 and the \$10,000 to \$20,000 store sizes where they stood at 0.5 per cent of sales and from which they declined to 0.3, 0.2 and 0.3 per cent of reported dollar sales in the three larger sizes of stores.

Other operating expenses include such costs of doing business as supplies, communications, taxes other than income taxes, insurance, light, heat and power, repairs, bad debt losses, interest on borrowed money and sundry expenses. Some of these like supplies, communications, taxes, insurance, etc., were commonly experienced and hence were probably included quite uniformly in the figures reported for other operating expenses. Others such as repairs, interest on borrowed money, etc., may not have been so generally encountered and therefore not so consistently in the dollar totals for this expense classification. Nevertheless, the percentages for all other operating expenses tended to be smaller in the larger sizes of business. Thus the average declined from 5.1 per cent of sales in the less than \$10,000 sales grouping to 4.9 and 3.8 per cent in the \$10,000 to \$20,000 and \$20,000 to \$30,000 store sizes, then rose and again decreased slightly to 4.0 and 3.9 per cent of sales in the \$30,000 to \$50,000 and the \$50,000 and over sizes of business.

Summarizing the trends in the expenses just described, total operating expenses varied for the five sales classes of rented family clothing stores between 12.2 and 16.1 per cent of total sales for 1944. These averages, moreover, were consistently greater for the larger than for the smaller stores, the ratios increasing from 12.2 per cent of sales in the less than \$10,000 sales grouping to 13.1, 13.2, 14.9 and 16.1 per cent for the larger sizes of business. This, of course, resulted from the fact that the higher percentages for payroll costs and for advertising which were shown for the larger sizes of stores were more than sufficient to offset the lower ratios which were recorded there for rent, depreciation, and other operating expenses.

Proprietor's net earnings before income taxes and withdrawals, it should be noted, include both the rewards for the operator's clerical services and the net trading profit returns from his business. So defined, the figures for net earnings in percentage terms exhibited a clear tendency to decrease as the sizes of stores became larger, the ratios declining from 17.7 per cent of sales in the less than \$10,000 sales grouping to 15.0, 13.8, 12.2 and 12.2 per cent in the following classifications. Here, the downward trend, although partly due to the rather irregular contraction in the gross trading profit percentages, was principally caused by the upward movement which took place in the total expense ratios as the stores became larger.

In spite of the relationship just described, however, average proprietor's net earnings per store in dollar figures were much higher for the larger family shoe stores. Thus moving from the smallest to the largest sales groupings, the averages rose from \$1,141 per store in the less than \$10,000 sales class to \$2,190, \$3,374, \$4,991 and \$9,979 per outlet in following sizes of business. A pronounced gain in dollar net earning, it will be noticed, occurred between the two largest classifications where the averages rose from \$4,991 to \$9,979 per store. This is due to the major increase in sales volumes for average sales jumped from \$40,802 per outlet in the \$30,000 to \$50,000 to \$81,383 per store in the \$50,000 and over sales class.

Operating Results of Continuing Stores in 1941 and 1944 Compared

Exactly 100 out of the 165 usable schedules received from co-operating family shoe stores were able to provide figures on their operating results for both 1941 and 1944. When these 100 reports were sorted into the three enlarged sales classifications and then broken down between owned and rented establishments, however, only 8 schedules were included in the three sizes of business for owned establishments. As a consequence, it was possible to present statistics in Table 2 on operating results for only the three groupings of rented stores for which fairly satisfactory numbers of reports were available.

It is important to note, however, that the reports included in Table 2 were assigned to their sales classifications for both 1941 and 1944 entirely upon the basis of the volume of business transacted in 1941 and without regard to the sales they obtained in the later period. This permits the trends in operating results between the two years to be determined from the experiences of identical and continuing shoe stores. Because of the comparative smallness of the sample, however, the trends so shown are not necessarily accurate indicators of the financial experiences of all family shoe stores during the wartime period.

Turning now to the statistics presented in Table 2, a glance at the total sales figures reported is sufficient to indicate the major increases which occurred in the sales of the continuing stores between 1941 and 1944. These gains, in fact, amounted to about 57 per cent over the 1941 total in the less than \$20,000 size of business, to 51 per cent in the \$20,000 to \$50,000 grouping and to 31 per cent for stores having sales in 1941 of \$50,000 or over. The largest percentage increase, it will be noted, was obtained by the smallest retailers, a fact which must be related to the comparatively small sales volumes they experienced in the earlier year. Overall, the expansion in business for the three sizes of stores amounted to about 42 per cent. Against this must be set the gain in the dollar volume of 36 per cent over 1941 levels shown in the Bureau's indexes of a much larger sample of continuing shoe stores. It is obvious, therefore, that a number of establishments reporting in the recent survey of operating results obtained increases in sales considerably above the average of those included in the Bureau's sample for monthly sales trends.

In the light of these gains in volume, it is not surprising to find the reporting shoe stores turning over their average inventories of merchandise at much faster rates in 1944 than in the earlier period. The extent of these gains is shown by the fact that the averages for the three sizes of stores rose from 1.6, 2.2 and 2.2 times in 1941 to corresponding ratios of 2.4, 3.1 and 3.4 times in 1944. By size of business, the rates of stock turnover were again faster for the larger stores in both years, a trend which was also found to apply in the averages recorded for 1944 in Table 1.

This upward trend in rates of stock turnover between 1941 and 1944, it may be noted, was also due to changes in inventory levels between the two years. Indeed, an inspection of the statistics presented in Table 2 will indicate that average ending inventories per store recorded an increase in only one classification and declines in the other two. The increase amounting to about 3 per cent for 1941 figures occurred in the less than \$20,000 sales size against declines of 5 and 21 per cent in the two larger sizes of stores and an overall decrease for all reporting stores of about 11 per cent. In summary, the three inventory figures stood at \$6,115, \$11,496 and \$24,995 per store at the close of 1941 and

at \$6,312, \$10,941 and \$19,776 per outlet at the end of 1944.

Gross trading profits formed 27.6, 27.1 and 25.4 per cent of sales in 1941 for the less than \$20,000, the \$20,000 to \$50,000 and the \$50,000 and over sales classifications and 27.6, 27.4 and 27.4 per cent of sales in the corresponding sizes of business for 1944. The average rates of gross trading profits were therefore unchanged from 1941 in the smallest store size, up slightly in the middle, and higher by 2.0 percentage points in the largest size of business. These changes, of course, are interesting in the trends they suggest but unfortunately the numbers of reports upon which the figures are based are too small to establish firmly either the direction or extent of the changes which all retail shoe stores experienced between the two years.

Reflecting reductions in the ratios for each of the five classifications of operating expenses between the two years, the three percentages for total operating expenses were each lower in 1944 than in 1941. During the earlier year the averages for total operating expenses formed 15.5, 17.2 and 17.5 per cent of sales in the less than \$20,000, the \$20,000 to \$50,000 and the \$50,000 and over sales groupings against corresponding averages of 11.9, 15.3 and 16.2 per cent of sales for 1944. These changes in fact amounted to respective decreases of 3.6, 1.9 and 1.3 percentage points, or the rather significant declines of about 23, 11 and 7 per cent from the average total expense ratios recorded for 1941. By size of business, it may be noted, the total expense ratios in each year became higher as the sizes of stores increased, a pattern also revealed in the total expense ratios shown in Table 1 for 1944 alone.

Incorporating the results of changes in the ratios for gross trading profits and total operating expenses, proprietor's net earnings before income taxes and withdrawals were higher as percentages of sales in 1944 than in 1941. Thus moving from the smallest to the largest size of business, net earnings formed 12.1, 9.9 and 7.9 per cent of sales in the three sizes of stores for 1941 and 15.7, 12.1 and 11.2 per cent of sales in the later period. These changes in turn represented increases of 3.6, 2.2 and 3.2 percentage points or relative gains of 30, 22 and 40 per cent over the corresponding ratios for 1941. By size of business, the net earnings ratios again followed the familiar pattern and in both years were lower for the larger than the smaller sizes of shoe stores.

Expressed in dollar figures, average proprietor's net earnings per store for the three sizes of business were all much higher in the more recent year. For rented shoe stores in the less than \$20,000, the \$20,000 to \$50,000 and the \$50,000 and over sales groupings, net earnings for 1941 amounted to \$1,599, \$3,176 and \$5,572 per store, respectively, and to \$5,241, \$5,872 and \$10,229 per store for 1944. These changes in fact represented gains over the 1941 averages of about 100 per cent in the smallest and of close to 85 per cent in the two larger sizes of stores, increases which although due in some degree to the gains in the rates of net earnings were principally caused by the substantial expansions in sales which the reporting shoe stores had experienced.

Among the several types of operating expenses, the percentages for employees' salaries and wages were slightly lower in two and higher in one of the classifications in 1944. Thus moving from the smallest to the largest sizes of business the payroll ratios stood at 4.5, 7.1 and 8.4 per cent of

sales in 1941 and at the corresponding figures of 4.2, 7.6 and 8.2 per cent of reported dollar volumes in 1944. This clear tendency to stability in the payroll percentages indicates of course that the considerable expansions in sales between the two years were reflected in almost similar relative gains in dollar salary and wage costs, a situation which in turn suggests that at least some additions had been made to store selling staff during the wartime period.

Rentals formed 5.1, 4.1 and 3.7 per cent of sales in the three groupings of shoe stores for 1941 and the lower corresponding figures of 3.3, 3.0 and 3.1 per cent of reported dollar volumes in 1944. These expenses in dollars of course are generally fixed in nature and as percentages of total sales naturally become smaller as the sales volumes increased. Advertising costs, a controllable expense, were also somewhat lower as percentages of sales in the more recent period. For 1941 these averages stood at 0.6, 0.8 and 1.0 per cent of sales while for 1944 the lower ratios of 0.4, 0.6 and 0.8 per cent of sales were recorded. Depreciation allowances, on the other hand, are comparatively fixed in nature throughout the useful life of the fixed assets being written off. It is therefore not surprising to find that the averages for the three sizes of business decreased from 0.4, 0.4 and 0.3 per cent in 1941 to 0.3, 0.3 and 0.2 per cent of total sales in the later year.

Other operating expenses, the category which includes all remaining costs of operation, likewise followed the general trend and recorded decreases in the percentage averages between 1941 and 1944. Thus amounting to 4.9, 4.8 and 4.1 per cent of sales in the earlier period, the ratios in 1944 recorded the lower averages of 3.7, 3.8 and 3.9 per cent of reported dollar volumes.

Table 1.--Family Shoe Stores - Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944.

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting		14		23
2. Total Sales		\$90,181		\$335,463
3. Average Sales Per Store		6,442		14,585
Total Inventory Reported,	SAMPLE		SAMPLE	
4. Beginning of Year		30,040		134,382
5. End of Year	TOO	36,576	TOO	139,276
6. Average for Year		33,308		136,829
Average Inventory Per Store,	SMALL		SMALL	
7. End of Year		2,613		6,055
8. Cost of Goods Sold		63,217		241,198
9. Stock Turnover (times per year) ..		1.9		1.8
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit		29.9		28.1
Operating Expenses:				
11. Employees' Salaries and Wages ..		2.1		3.8
12. Rent	SAMPLE	4.3	SAMPLE	3.5
13. Advertising		0.2		0.4
14. Depreciation	TOO	0.5	TOO	0.5
15. Other Operating Expenses		5.1		4.9
	SMALL		SMALL	
16. Total Operating Expenses		12.2		13.1
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		17.7		15.0
18. Average Proprietor's Net Earn- ings Per Store		\$1,141		\$2,190

Table 1.--Family Shoe Stores - Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944(Cont.)

AMOUNT OF ANNUAL SALES						
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over		
Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION						
	32		31		45	1.
	\$783,619		\$1,264,865		\$3,662,231	2.
	24,488		40,802		81,383	3.
SAMPLE		SAMPLE		SAMPLE		
	210,373		312,488		787,108	4.
TOO	222,548	TOO	301,980	TOO	777,449	5.
	216,461		307,234		782,289	6.
SMALL		SMALL		SMALL		
	6,955		9,741		17,277	7.
	572,042		922,087		2,625,820	8.
	2.6		3.0		3.4	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
	27.0		27.1		28.3	10.
	5.3		6.8		8.2	11.
SAMPLE	3.3	SAMPLE	3.3	SAMPLE	2.8	12.
	0.5		0.6		0.9	13.
TOO	0.3	TOO	0.2	TOO	0.3	14.
	3.8		4.0		3.9	15.
SMALL		SMALL		SMALL		
	13.2		14.9		16.1	16.
	13.8		12.2		12.2	17.
	\$3,374		\$4,991		\$9,979	18.

Table 2.--Family Shoe Stores - Operating Results for Stores Classified According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$20,000			
	1 9 4 1		1 9 4 4	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting		30		30
2. Total Sales		\$394,663		\$620,472
3. Average Sales Per Store		13,155		26,082
Total Inventory Reported,	SAMPLE		SAMPLE	
4. Beginning of Year		176,745		178,839
5. End of Year	TOO	183,453	TOO	189,365
6. Average for Year		180,099		184,102
Average Inventory Per Store,	SMALL		SMALL	
7. End of Year		6,115		6,312
8. Cost of Goods Sold		285,736		449,222
9. Stock Turnover (times per year) ..		1.6		2.4
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit		27.6		27.6
Operating Expenses:				
11. Employees' Salaries and Wages ..		4.5		4.2
12. Rent	SAMPLE	5.1	SAMPLE	3.3
13. Advertising		0.6		0.4
14. Depreciation	TOO	0.4	TOO	0.3
15. Other Operating Expenses		4.9		3.7
	SMALL		SMALL	
16. Total Operating Expenses		15.5		11.9
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		12.1		15.7
18. Average Proprietor's Net Earn- ings Per Store		\$1,599		\$3,241

Table 2.--Family Shoe Stores - Operating Results for Stores Classified
According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944 (Cont.)

AMOUNT OF ANNUAL SALES								
\$20,000 to \$49,999				\$50,000 and Over				
1 9 4 1		1 9 4 4		1 9 4 1		1 9 4 4		
Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION								
SAMPLE	41	SAMPLE	41	SAMPLE	21	SAMPLE	21	1.
	\$1,316,447		\$1,981,665		\$1,466,258		\$1,915,514	2.
	32,108		48,333		69,822		91,215	3.
	414,301		466,616		462,636		400,874	4.
	471,327		448,595		524,898		415,303	5.
TOO	442,814	TOO	457,606	TOO	493,767	TOO	408,089	6.
SMALL	11,496	SMALL	10,941	SMALL	24,995	SMALL	19,776	7.
	959,690		1,438,689		1,093,828		1,390,663	8.
	2.2		3.1		2.2		3.4	9.
	PROFIT AND LOSS DATA							
(Items Expressed As Percentages of Sales)								
	27.1		27.4		25.4		27.4	10.
SAMPLE	7.1	SAMPLE	7.6	SAMPLE	8.4	SAMPLE	8.2	11.
	4.1		3.0		3.7		3.1	12.
	0.8		0.6		1.0		0.8	13.
	TOO		0.4		TOO		0.3	TOO	0.2	14.
SMALL	4.8	SMALL	3.8	SMALL	4.1	SMALL	3.9	15.
	17.2		15.3		17.5		16.2	16.
	9.9		12.1		7.9		11.2	17.
	\$3,176		\$5,872		\$5,572		\$10,229	18.

MERCHANDISING AND SERVICES STATISTICS

DOMINION BUREAU OF STATISTICS

OTTAWA, CANADA

OPERATING RESULTS

OF

RETAIL CLOTHING STORES

1945

Independent:

MEN'S CLOTHING STORES

WOMEN'S READY-TO-WEAR STORES

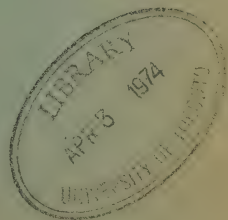
FAMILY CLOTHING STORES

FAMILY SHOE STORES

BULLETIN NO 2



CANADA





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DEFINITIONS

NET SALES represent the real volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

GROSS TRADING PROFIT OR MARGIN is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting ending inventory.

OPERATING EXPENSES are the amounts paid out for any and all expenses incurred in operating a business, except the cost of merchandise. They include:

Salaries and wages paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are not included.

Advertising

Store supplies used in the business during the year such as: wrapping paper, office supplies, gasoline and oil for delivery trucks.

Loss on bad debts in the year - amount written off less bad debts recovered.

Taxes and insurance - business, property and water taxes, licences including truck licences, insurance premiums carried for the protection of the business. Income taxes are not included.

Rentals - for premises used only in the business.

Heat, light and power used in the year.

Repairs and maintenance - incurred for the purpose of keeping fixed store assets in efficient operation, including delivery equipment.

Depreciation - allowances to cover decreases in the value of fixed store assets including delivery equipment.

All other expenses - telephone, telegraph, postage, bank charges, legal, collection and auditing fees, etc.

NET PROFIT is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals.

STOCK TURNOVER is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise.

CUSTOMERS' ACCOUNTS OUTSTANDING are all accounts receivable on the books at the end of the year.

DOMINION BUREAU OF STATISTICS

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Series, 1945	16 - 7020
No. 12	

OPERATING RESULTS IN RETAIL CLOTHING STORES, 1945

Introduction

This report is one of a series reviewing average operating results for 1945, and covers four main kinds of clothing stores. In 1944 a similar survey was carried out for a dual purpose; to provide an estimate of the contribution made to the national income by unincorporated retail stores, and to provide reliable statistics on operating costs in retail trade. The average results presented in this report were obtained from stores whose individual profits and expenses vary considerably. Therefore, if the results of an individual store do not coincide with the averages, it does not follow that the store is being operated inefficiently.

The tables, however, may assist the merchant in deciding where economies may be most effective and may indicate the need for additional expenditures in other phases of business operation to meet changing conditions. Repairs or replacements of fixed assets and equipment, not available during war years, may now become a necessity. The resuming of pre-war services such as deliveries and credit, may be necessary to keep up sales volume in face of otherwise declining sales. With the possibility of more competition, unstable prices and greater expense outlay, these basic operating ratios may be of use in planning for changed conditions in the retail field.

The ultimate objective of business is to realize a net profit on operations. This might be the first item of comparison an individual owner makes with his own results. If his net profit is greater than the average shown for his particular business in this report, he may gain further by item-by-item comparison of his operating costs with those in the tables. If his net profit is smaller than average, a careful check should be made on his different expense items, using the averages shown as a guide in determining which items require investigation. In this way improvement in gross margin or a lessening of expenses may be accomplished to result in a greater net profit.

The prospective new entrant may find much information useful in planning his inventory outlay, expected rate of stock turnover, and various expenses such as salaries, advertising, rentals and so on.

Definitions of the terms used in this report and the components of the different expense items are given on page 2. When making comparison with other results, allowance should be made for any difference in definitions. When making comparisons of present day results with this report, allowance should also be made for any economic changes which have occurred since 1945. Chain stores were not included in this survey.

SUMMARY

Some of the significant features in the operation of retail clothing stores in 1945 are noted below.

Men's Clothing Stores

1. The average unincorporated men's clothing store operated on a gross margin of 27.5 per cent of total net sales, slightly greater than the 27.2 per cent margin of 1944. A reduction in expenses resulted in a considerable gain in net profit before deduction of proprietors' salaries and income taxes with 1945 at 14.0 per cent and 1944 at 12.3 per cent. (See table 1 and chart 1, page 10).
2. In 1945, incorporated firms operating on a gross margin of 31.5 per cent obtained a wider margin than unincorporated stores. With salaries paid to firm members included in expenses, these stores realized a net profit of 11.0 per cent before income tax deductions. (See table 1).
3. Increase in business volume did not have a great deal of effect on gross and net profit ratios. Although the ratio of salaries to net sales increased with sales volume, rent expense decreased and the other expense items showed little change. (See table 5, page 11).
4. Narrow gross margin and high ratio of salary expense to net sales characterized the "less profitable" group of stores. (See table 7, page 13).

Table 1. - Operating Results of Men's Clothing Stores, 1945
(with 1944 percentages for comparison)

Item	1945		1944
	Incorporated (102 stores) Percentage of net sales	Unincorporated (441 stores) Percentage of net sales	Unincorporated (160 stores) Percentage of net sales
	%	%	%
Gross Trading Profit	31.5	27.5	27.2
Operating Expenses:			
Employees' salaries	11.7	5.9	6.3
Advertising	1.1	0.7	0.7
Store supplies	0.7	0.5	
Bad debts	0.1	0.1	
Occupancy expense	4.6	4.0	7.9
All other expenses	2.3	2.3	
Total operating expenses	20.5	13.5	14.9
Net profits before deduction of proprietors' salaries and income taxes (1)	11.0	14.0	12.3
Average sales per store	\$120,007	\$51,904	\$45,204

(1) Salaries of all firm members in incorporated stores are included in employees' salaries.

Women's Ready-to-Wear Stores

1. The average unincorporated women's ready-to-wear store operated on a slightly smaller gross margin in 1945 than in the previous year. With expenses of 16.2 per cent of net sales deducted from the gross profit of 27.7 per cent, a net profit of 11.5 per cent was realized. Average net profit in 1944 was 11.8 per cent. Compared to the net profit in men's clothing stores in 1945 (14.0%), operation of women's clothing stores is less profitable. (See table 2).
2. Incorporated firms showed a margin of 30.5 per cent on net sales - greater than that in unincorporated stores, (27.7%). In the incorporated firms, the salary figure (12.7%) is not directly comparable to that in the unincorporated group, (6.9%) since it includes salaries paid out to firm members. Income taxes, however, are included in the net profit ratio. Advertising and occupancy expense were considerably greater in incorporated stores. (See table 2).
3. Net profits in unincorporated women's ready-to-wear stores decreased in ratio to net sales as the volume of business expanded. Because of the difference in business volume, the dollar value of net earnings was much greater in the large stores. While gross margin ratio decreased with greater sales volume, salary ratios increased considerably, and rent decreased. (See table 8, page 17).

Table 2. - Operating Results of Women's Ready-to-Wear Stores, 1945
(With 1944 percentages for comparison)

Item	1945		1944
	Incorporated (120 stores) Percentage of net sales	Unincorporated (583 stores) Percentage of net sales	Unincorporated (199 stores) Percentage of net sales
	%	%	%
Gross Trading Profit	30.5	27.7	27.9
Operating Expenses:			
Employees' salaries	12.7	6.9	6.9
Advertising	1.7	0.7	0.6
Store supplies	0.7	0.9	
Bad debts	0.1	0.1	8.6
Occupancy expense	5.2	4.8	
All other expenses	2.8	2.8	
Total operating expenses	23.2	16.2	16.1
Net profits before deduction of proprietors' salaries and income tax (1)	7.3	11.5	11.8
Average sales per store	\$123,592	\$36,618	\$31,108

(1) Salaries paid to all firm members in incorporated stores are included in employees' salaries.

4. Rented stores operated on a wider margin than businesses carried on in owned premises. An increased expense ratio, however, offset the marginal advantage to result in net profits close to those recorded in owned stores. (See table 8, page 17).
5. Operating ratios in incorporated women's ready-to-wear stores differed from unincorporated stores in that net profits in the former increased with greater net sales. This was due to a decreasing ratio in expenses especially the trend of salaries which does not follow the upward movement of salaries paid by unincorporated stores. (See table 9, page 18).
6. As compared to the average store, the "less profitable" group of stores was characterized by smaller marginal spread and high salary expenses. (See table 10, page 19).

Family Clothing Stores

1. The average unincorporated family clothing store realized a slightly greater net profit in 1945 than in the previous year: 11.5 per cent as compared to 11.1 per cent. A similar gain was recorded in gross margin while expenses remained about the same. The gross profit was 24.8 per cent of net sales in 1945 as compared to 24.3 in 1944. (See table 3).
2. The average incorporated family clothing store operated on a margin of 29.1 per cent as compared to the 24.8 per cent ratio recorded by unincorporated stores. The 7.8 per cent net profit includes income taxes. Salaries paid to all firm members in incorporated companies are included in the expense item of employees' salaries and wages, thereby swelling this item to 12.4 per cent of net sales. As with other types of clothing stores, incorporated firms spent a larger proportion of money on advertising while the remaining expense ratios did not vary a great deal from those of unincorporated stores. (See table 3).
3. Net profits in unincorporated family clothing stores in the rented group decreased in ratio to sales as business volume expanded. This did not hold true for owned stores where the trend decreased to the middle size class then swung upward in the two larger size classes. This same trend of decreasing then increasing ratios was apparent in gross profit for both owned and rented stores.

The ratio of salaries to net sales increased proportionately with business volume while the rent ratio decreased. (See table 11, page 21).

4. Narrow gross margin and high ratio of salary expense to net sales characterized the "less profitable" family clothing stores. (See table 12, pages 22, 23).

Table 3. - Operating Results of Family Clothing Stores, 1945
(With 1944 percentages for comparison)

Item	1945		1944
	Incorporated (49 stores) Percentage of net sales	Unincorporated (461 stores) Percentage of net sales	Unincorporated (139 stores) Percentage of net sales
	%	%	%
Gross Trading Profit	29.1	24.8	24.3
Operating Expenses:			
Employees' salaries	12.4	6.1	5.8
Advertising	1.6	0.5	0.6
Store supplies	0.9	0.6	
Bad debts	0.2	0.2	
Occupancy expense	4.0	3.6	6.8
All other expenses	2.2	2.3	
Total operating expenses	21.3	13.3	13.2
Net profits before deduction of proprietors' salaries and income tax (1)	7.8	11.5	11.1
Average sales per store	\$225,398	\$49,709	\$45,667

(1) Salaries paid to all firm members in incorporated stores are included in employees' salaries.

Family Shoe Stores

1. In 1945 the average unincorporated family shoe store operated on a gross margin of 27.3 per cent of net sales as compared to a 1944 ratio of 27.6 per cent. With a considerable reduction in expenses, the lower gross profit was offset to net a profit of 13.9 per cent as against the net profit of 12.6 per cent in 1944. (See table 4).
2. Incorporated stores recorded a margin of 31.9 per cent of net sales in 1945 and yielded an average net profit of 9.5 per cent. In incorporated firms, salaries paid to firm members are accounted an expense item under employees' salaries and wages. Incorporated firms spent a greater proportion of net sales on advertising and occupancy than did unincorporated stores. (See table 4).
3. Net profit ratios in unincorporated rented stores decreased as business volume expanded except in the largest size class. Owned store net profits increased in proportion to sales. Gross profits followed a trend similar to that of net profit.

In common with most types of stores, salaries and wages, as a percentage of net sales, increased with sales volume while the rent expense ratio decreased. The other items of expense were relatively stable for the different size ranges. (See table 13, page 25).

Table 4. - Operating Results of Family Shoe Stores, 1945
(With 1944 percentages for comparison)

Item	1945		1944
	Incorporated (41 stores)	Unincorporated (285 stores)	Unincorporated (165 stores)
	Percentage of net sales	Percentage of net sales	Percentage of net sales
	%	%	%
Gross Trading Profit	31.9	27.3	27.6
Operating Expenses:			
Employees' salaries	13.3	6.2	7.1
Advertising	1.4	0.6	0.7
Store supplies	0.5	0.6	
Bad debts	(a)	0.1	
Occupancy expense	5.3	4.1	7.2
All other expenses	1.9	1.8	
Total operating expenses	22.4	13.4	15.0
Net profit before deduction of proprietors' salaries and income tax (1)	9.5	13.9	12.6
Average sales per store	\$97,231	\$41,621	\$41,328

(a) Less than 0.05 per cent.

(1) Salaries paid to all firm members in incorporated stores are included in employees' salaries.

GENERAL DISCUSSION AND TABLES

A. Men's Clothing Stores

This classification consists of stores selling a general line of men's clothing and furnishings but excludes specialized furnishings stores where such sales form over 80 per cent of the total sales. Other specialty stores, such as hat stores and custom tailors, are not included.

A total of 441 usable reports were received from unincorporated stores. Since only six owned stores fell into the size category of less than \$10,000 sales, their results are not shown. Satisfactory returns were received from 102 incorporated firms in this kind of business. These stores were nearly all in the "rented" class and within the three largest size categories. Their results are shown in comparison with identical categories of unincorporated stores.

Trends by Size of Business - Unincorporated Stores (See table 5, page 11)

While gross profit in owned stores increased with a greater sales volume the trend in rented stores was irregular. An upward trend was notable in salary ratio and advertising as business volume expanded, but proportion of expenses spent on rent showed decreases. Other expenses showed no definite trend over the size of business range.

While the net profit ratio did not show a large gain as business increased, the greater amount of actual trading resulted in larger dollar profits. In comparing these net earnings before withdrawal of proprietors' salaries, account should be taken of the number of actively engaged proprietors in the respective groups.

Except in rented stores whose sales were between \$10,000 and \$19,999, stocks on hand at the end of the year were lower than the beginning. The rate of stock turnover increased in proportion to sales volume.

Comparison with Previous Years (Chart 1, page 10)

A survey on Operating Results taken for 1944 included comparable figures for 1941. This comparison dealt only with unincorporated firms and showed that, in general, better net profits were realized in 1945 than in previous years. Gross margins were not always greater in 1945 but expenses were reduced in each size and occupancy class, with the salary ratio showing a marked decline from 1941.

Comparison of Unincorporated and Incorporated Stores
(See table 6, page 12)

Comparable results for three sizes of rented stores between the two types of organization are shown in table 6. Gross profits were substantially greater in incorporated than in unincorporated stores. The expense item of employees' salaries includes salaries paid to all firm members and is therefore somewhat larger than the same item in unincorporated stores. Coupled with a greater rent expense this resulted in a much greater ratio of total expenses. The net profit ratios are not directly comparable in that part of unincorporated store profits must go toward proprietors' salaries. Income tax deductions are included in both incorporated and unincorporated net profit ratios.

Like unincorporated stores, incorporated firms showed lower inventories at the end of the year than at the beginning. The average sales per store were greater and stock was replaced more frequently during the year.

Comparison Between Less Profitable and More Profitable Stores
(See table 7, page 13)

In table 7, unincorporated stores are shown as classified between below and above average net profit. Results are shown in the size and occupancy classes where the sample number of stores is large enough in both profit segments. The detail of this table is reduced by the omission of some expense items, but only where there was no significant difference between the two profit groups.

The greatest difference between the less profitable and more profitable store occurred in gross profit. A higher salary ratio also contributed to the less profitable character of the below average store.

OPERATING RESULTS OF MEN'S CLOTHING STORES

GROSS MARGIN = NET PROFITS + SALARIES + OTHER EXPENSES

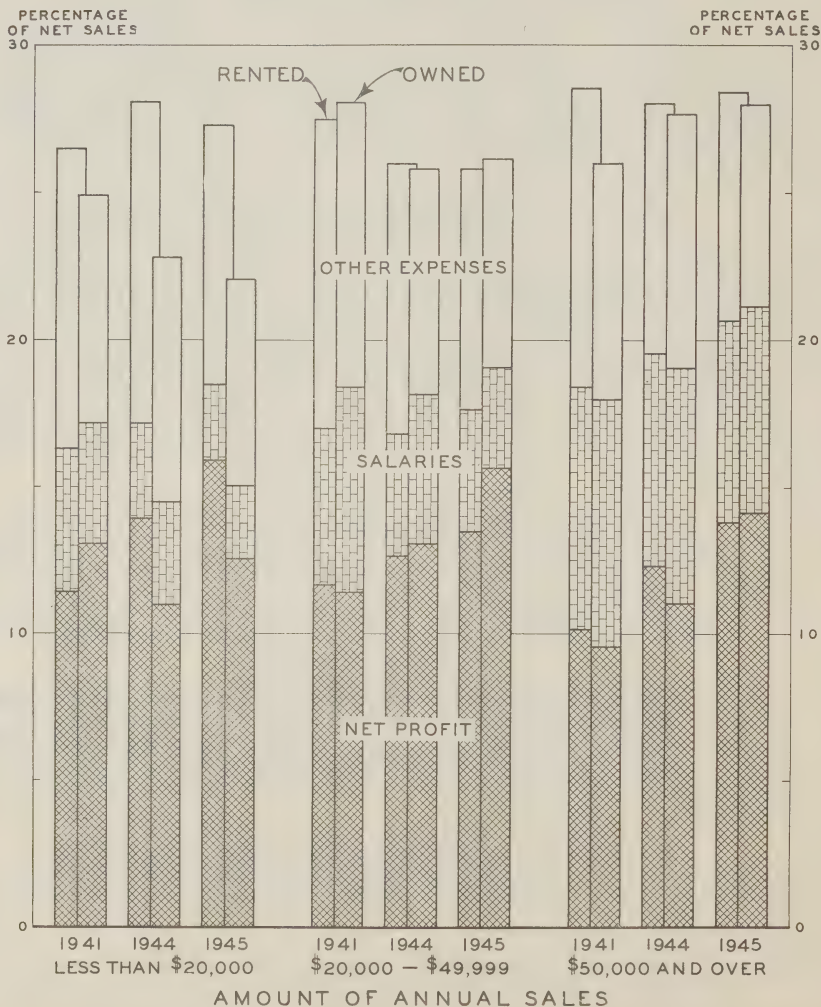


Table 5.--Men's Clothing Stores - Operating Results of Unincorporated Stores Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1945

Item	AMOUNT OF ANNUAL SALES									
	\$10,000-		\$20,000-		\$50,000		\$100,000		and over	Rented
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented		
Number of stores reporting	13	18	44	33	165	88	12	37		
Average sales per store	7,410	15,519	15,172	31,757	33,571	73,373	69,583	141,705	148,865	
Average inventory beginning of year	3,130	4,690	3,898	8,972	8,320	13,463	14,629	28,992	28,194	
Average inventory end of year	3,006	3,834	3,993	8,330	7,528	11,752	12,545	26,617	25,566	
Average cost of goods sold, per store	5,272	12,237	11,070	23,447	25,130	53,902	50,497	99,934	105,046	
Stock turnover (times per year)	1.7	2.9	2.8	2.7	3.2	4.3	3.7	3.6	3.9	
Number of working proprietors	13	20	46	39	196	30	111	16	49	
Gross trading profit (% of sales)	28.9	21.1	27.0	26.2	25.9	26.5	27.4	29.5	29.4	
Operating expenses (% of sales):										
Employees' salaries	1.2	2.7	2.8	3.4	4.2	6.4	6.1	7.6	7.3	
Advertising	0.4	0.2	0.4	0.4	0.5	0.7	0.6	0.8	1.1	
Store supplies	0.5	0.6	0.5	0.5	0.6	0.4	0.5	0.5	0.5	
Bad debts	0.1	0.5	0.1	0.2	0.1	0.1	0.1	0.3	0.3	
Taxes and insurance	0.8	1.2	0.7	1.4	0.7	1.2	0.6	1.0	0.7	
Rent	3.6	-	3.5	-	2.6	-	2.3	-	2.2	
Light, heat and power	1.0	0.8	0.8	0.7	0.6	0.6	0.5	0.7	0.4	
Repairs and maintenance	0.2	0.5	0.3	0.7	0.4	0.5	0.5	0.5	0.3	
Depreciation	0.3	0.8	0.1	0.6	0.3	0.6	0.3	0.4	0.3	
All other expenses	2.3	2.0	2.3	2.5	2.3	2.5	2.0	2.8	2.2	
Total expenses	10.4	9.3	11.5	10.5	12.3	13.0	13.6	14.6	15.5	
Net profits before deduction of proprietors' salaries and income tax.										
Average net earnings per store	1,369	1,835	2,357	4,968	4,573	9,898	9,604	21,102	20,620	
Average customers' accounts outstanding	122	425	152	969	396	1,743	1,407	2,734	2,448	

Table 6. --Men's Clothing Stores - Operating Results of Unincorporated and Incorporated Rented Stores Compared, Canada, 1945

Item	AMOUNT OF ANNUAL SALES					
	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and Over	Unincorporated	Incorporated	Incorporated
Number of stores reporting	165	18	88	30	37	44
Average sales per store	33,671	39,373	69,583	75,333	148,865	185,314
Average inventory beginning of year ...	8,320	6,938	14,629	12,227	28,194	30,868
Average inventory end of year	7,528	6,574	12,345	12,013	25,566	30,721
Average cost of goods sold, per store . .	25,130	28,201	50,497	52,967	105,046	125,630
Stock turnover (times per year)	3.2	4.2	3.7	4.4	3.9	4.1
Number of working proprietors	196	-	111	-	49	-
Gross trading profit (% of sales)	25.8	28.4	27.4	29.7	29.4	32.2
Operating expenses (% of sales):						
Employees' salaries	4.2	12.2	6.1	11.4	7.8	11.9
Advertising	0.5	0.6	0.6	1.0	1.1	1.2
Store supplies	0.6	0.8	0.6	0.7	0.4	0.7
Bad debts	0.1	(a)	0.1	0.1	0.2	0.1
Taxes and insurance	0.7	0.9	0.6	0.7	0.7	0.6
Rent	2.6	3.1	2.3	2.6	2.2	3.0
Light, heat and power	0.6	0.5	0.5	0.5	0.4	0.5
Repairs and maintenance	0.4	0.5	0.5	0.5	0.3	0.3
Depreciation	0.3	0.2	0.3	0.3	0.3	0.2
All other expenses	2.3	2.7	2.0	2.9	2.2	2.0
Total expenses	12.3	21.5	13.6	20.7	15.6	20.5
Net profits (Unincorporated stores include proprietors' salaries)	13.5	6.9	13.8	9.0	13.8	11.7
Average customers' accounts outstanding \$ (a) Less than 0.05 per cent.	396	503	1,407	1,459	2,448	3,520

Table 7. Elements Clothing Stores - Operating Results of Unincorporated Stores Classified According to Degree of Net Profit by Size of Business and Occupancy Class, Canada, 1945

Item	\$10,000- \$19,999		\$20,000- \$49,999		\$50,000 - \$99,999				\$100,000 and over	
	Rented		Rented		Owned		Rented		Rented	
	Below Average	Above Average	Below Average	Above Average	Below Average	Above Average	Below Average	Above Average	Below Average	Above Average
Number of stores reporting	15	29	89	76	15	10	43	45	19	18
Average sales per store	16,080	14,702	34,508	33,125	77,681	66,912	69,098	70,046	145,781	152,121
Average cost of goods sold, per store	12,339	10,414	26,433	23,604	58,262	47,363	52,163	48,905	105,232	104,851
Number of working proprietors ..	17	29	106	90	18	12	50	61	21	28
Gross trading profit(% of sales)	23.3	29.2	23.4	28.7	25.0	29.2	24.5	30.2	27.8	31.1
Operating expenses (% of sales):										
Employees' salaries	3.2	2.6	4.5	3.7	7.9	3.8	6.9	5.3	9.4	6.2
Advertising	0.4	0.4	0.6	0.5	0.7	0.7	0.6	0.6	1.3	0.8
Store supplies	0.4	0.5	0.7	0.5	0.3	0.4	0.6	0.7	0.6	0.3
Rent	3.5	3.5	2.6	2.5	-	-	2.2	2.4	2.7	1.8
Total expenses	12.4	11.0	13.1	11.3	14.6	10.3	14.7	12.6	18.5	12.6
Net profits before deduction of proprietors' salaries and income tax	10.9	18.2	10.3	17.4	10.4	18.9	9.8	17.6	9.3	18.4
Average net earnings per store \$	1,748	2,671	3,561	5,758	8,046	12,676	6,775	12,506	13,586	28,045

B. Women's Ready-to-Wear Stores

Stores classified as women's ready-to-wear stores deal principally in women's coats, suits and dresses, with or without related lines of accessories. This classification does not include specialty stores such as hosiery shops, millinery stores or furriers.

Usable reports were received from 583 unincorporated stores. When classified by size of business and occupancy basis, there were too few owned stores in the two largest sizes to allow publication of their results. Although 120 incorporated stores returned satisfactory reports, most of them fell into the rented class in the three largest size categories. Results of owned stores are not shown due to their small number.

Trends by Size of Business - Unincorporated Stores (See table 8, page 17)

Gross margin in both owned and rented stores diminished as business volume increased. An expanding ratio of total expenses coupled with the decreasing margin resulted in a considerable decline in net profit ratio. Because of the increased volume of business however, the dollar value of net earnings was greater in the larger stores.

With one exception stocks on hand at the end of the year were greater than at the first. Stocks were replaced more times in the year in proportion to business volume.

Comparison with Previous Years (Chart 2, page 16)

A survey on operating costs was taken in 1944 which also included results for 1941. Although owned stores reporting in this survey were too few in number to publish their results, rented stores are comparable with those in 1945. Gross margin did not change greatly over the three years but expenses, particularly salaries paid to employees, were curtailed in 1944 and 1945 to the extent of netting greater profits than were obtained in 1941. Net profits in 1945 were smaller than those in 1944 for two of the three size groups shown.

Comparison Between Unincorporated and Incorporated Stores (See table 9, page 18)

It is clearly indicated in table 9 that incorporated firms operated on wider margins in 1945 than did unincorporated stores. Salaries paid to all firm members in incorporated stores were included in the expense item of employees' salaries and wages. For this reason, total expenses were much greater in incorporated stores. A higher ratio of rent expense also contributed to the greater expense. Net profits include income taxes but are not comparable in that the unincorporated store ratios include proprietors' salaries. Incorporated store profits increased in ratio to sales as business volume expanded; unincorporated store net profits followed the

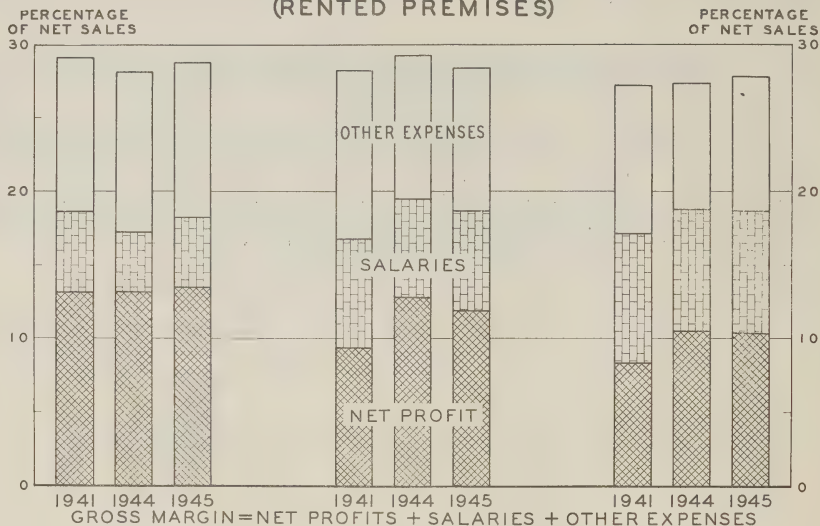
opposite trend.

Inventories were larger at the end of the year than at the beginning. Incorporated stores reported a slower rate of stock turnover than unincorporated stores.

Comparison Between Less Profitable and More Profitable Stores
(Table 10, page 19)

In table 10, the unincorporated stores reporting are classified as below and above the average net profits for the respective size and occupancy groups. Results are shown only in those classes where the number of stores in both categories of profit is sufficiently large to warrant publication. The greatest difference between less profitable and more profitable stores appeared in gross profit comparisons. A higher ratio of salaries to net sales was characteristic of the below average firm.

OPERATING RESULTS OF WOMEN'S READY-TO-WEAR STORES (RENTED PREMISES)



FAMILY SHOE STORES (RENTED PREMISES)

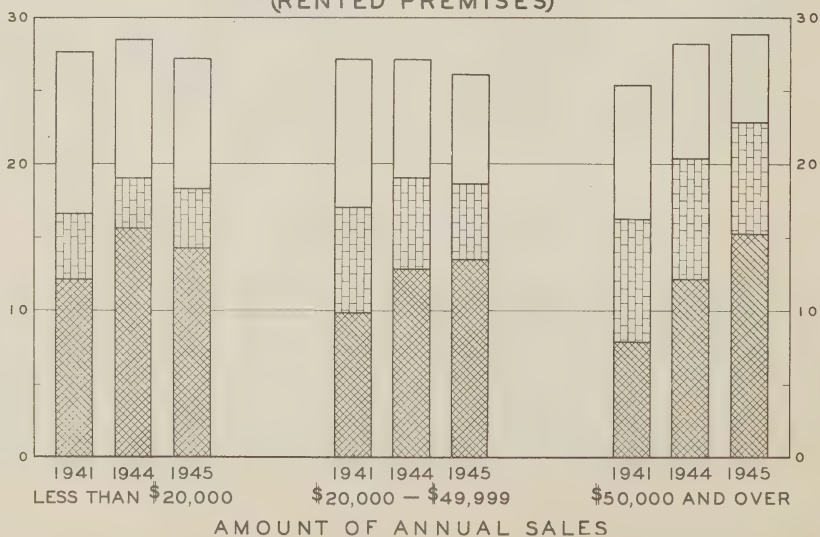


Table 8. Women's Ready-to-Wear Stores - Operating Results of Unincorporated Stores Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1945

Item	AMOUNT OF ANNUAL SALES											
	Less than \$10,000		\$10,000-\$19,999		\$20,000-\$49,999		\$50,000-\$99,999		\$100,000 and over		Owned	Rented
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented		
Number of stores reporting	15	36	16	114	40	241	92	15				
Average sales per store	7,281	7,541	14,230	15,252	32,087	32,193	70,349	146,343				
Average inventory beginning of year	2,175	2,287	3,141	2,895	6,109	5,035	8,791	13,766				
Average inventory end of year	2,262	2,565	3,592	3,000	5,535	5,402	8,957	16,949				
Average cost of goods sold, per store	5,220	5,346	10,370	10,892	24,166	23,055	50,801	105,646				
Stock turnover (times per year)	2.4	2.2	3.1	3.7	4.0	4.4	SAMPLE	6.9				
Number of working proprietors	15	40	16	130	45	267	101	20				
Gross trading profit (% of sales)	28.3	29.1	27.1	28.6	24.7	28.4	27.8	27.8				
Operating expenses (% of sales):												
Employees' salaries	2.4	3.5	4.2	5.0	5.4	6.8	8.1	8.8				
Advertising	0.1	0.3	0.2	0.4	0.4	0.6	0.7	1.5				
Store supplies	1.2	1.1	0.9	0.8	0.9	0.9	0.8	0.8				
Bad debts	0.1	0.2	0.1	0.1	0.2	0.1	TOO	0.2				
Taxes and insurance	2.1	0.8	1.7	0.6	1.2	0.6	0.6	0.8				
Rent	-	4.9	-	3.8	-	3.1	3.0	2.1				
Light, heat and power	2.2	1.1	1.3	0.9	0.9	0.6	0.5	0.5				
Repairs and maintenance	0.7	0.6	1.6	0.4	0.7	0.4	0.4	0.3				
Depreciation	0.8	0.4	1.0	0.4	0.7	0.4	0.4	0.3				
All other expenses	3.5	1.7	3.0	2.9	3.0	3.0	2.7	2.4				
Total expenses	13.1	14.6	14.0	15.3	13.4	16.5	SMALL	17.7				
Net profits before deduction of proprietors' salaries and income tax.	15.2	14.5	13.1	13.3	11.3	11.9	10.5	10.1				
Average net earnings per store	1,104	1,097	1,864	2,024	3,621	3,942	7,379	14,775				
Average customers' accounts outstanding	102	150	618	214	789	629	1,870	7,110				

Table 9. --Women's Ready-to-Wear Stores - Operating Results of Unincorporated and Incorporated Panted Stores Compared, Canada, 1945

Item	AMOUNT OF ANNUAL SALES					
	\$20,000 - \$49,999		\$50,000 - \$99,999		\$100,000 and Over	
	Unincorp- orated	Incorp- orated	Unincorp- orated	Incorp- orated	Unincorp- orated	Incorp- orated
Number of stores reporting	241	28	92	38	15	47
Average sales per store	32,193	37,430	70,349	72,107	146,343	222,395
Average inventory beginning of year	5,035	6,460	8,791	10,461	13,766	22,846
Average inventory end of year	5,402	6,453	8,957	12,234	16,949	25,791
Average cost of goods sold, per store	23,055	25,390	50,801	49,730	105,646	155,210
Stock turnover (times per year)	4.4	3.9	5.7	4.4	6.9	6.4
Number of working proprietors	267	-	101	-	20	-
Gross trading profit (% of sales)	28.4	32.2	27.8	31.0	27.8	30.2
Operating expenses (% of sales):						
Employees' salaries	6.8	14.7	8.1	14.2	8.8	12.2
Advertising	0.6	0.5	0.7	1.0	1.5	2.1
Store supplies	0.9	0.7	0.8	0.7	0.8	0.7
Bad debts	0.1	0.2	0.1	0.1	0.2	0.1
Taxes and insurance	0.6	0.9	0.6	0.6	0.8	0.6
Rent	3.1	4.3	3.0	3.4	2.1	2.9
Light, heat and power	0.6	0.8	0.5	0.6	0.5	0.4
Repairs and maintenance	0.4	0.6	0.4	0.5	0.3	0.5
Depreciation	0.4	0.4	0.4	0.4	0.3	0.4
All other expenses	3.0	3.5	2.7	2.7	2.4	2.7
Total expenses	16.5	25.6	17.3	24.4	17.7	22.5
Net profits (Unincorporated stores include proprietors' salaries)	11.9	5.6	10.5	6.6	10.1	7.7
Average customers' accounts outstanding \$	629	891	1,870	1,633	7,110	6,882

C. Family Clothing Stores

These stores, by definition, sell a general line of men's women's and children's clothing and furnishings. Other items sold are piece goods, notions and house furnishings but these do not form a large part of the business.

Usable reports were received from 461 unincorporated stores for which results are shown by five size of business groups operating in owned and rented premises. Reports were received from 49 incorporated firms. When classified by size and occupancy basis, results could not be shown for more than two classes. The profit and expense ratios of these stores are therefore only shown as a total in table 3.

Trends by Size of Business (See table 11, page 21)

Gross trading profit decreased from the smallest size store to the middle class, then swung upward to a higher margin in the largest size stores. Net profit ratio in owned stores followed the same trend as gross profit. Rented stores, however, reported net profits in a decreasing ratio to sales as business volume expanded. Because of business volume, the large store averaged a much greater dollar value net earnings than the small store.

In the expense section it is seen that salaries as a percentage of net sales, increased proportionately with sales volume, while rent expense decreased. Total expenses did not show any definite trend with change in volume of business.

Comparison Between Less Profitable and More Profitable Stores

(See table 12, pages 22, 23)

In table 12, unincorporated family clothing stores are classified as below and above the average net profits for the respective size and occupancy groups. Results are shown only where the number of stores in both categories of profit is sufficiently large to warrant publication.

A narrower gross margin and greater salary expense ratio characterized the less profitable store. Other expense items showed lesser differences between the two profit classes.

Table 1. -- Family Clothing Stores - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1945

Item	AMOUNT OF ANNUAL SALES											
	Less than \$10,000		\$10,000-\$20,000		\$20,000-\$40,000		\$40,000-\$50,000		\$50,000-\$99,999		\$100,000 and Over	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	13	26	27	57	56	120	32	73	21	26	21	26
Average sales per store	7,741	7,248	16,462	15,233	32,903	32,537	69,924	68,052	177,200	165,694	177,200	165,694
Average inventory beginning of year	2,775	2,973	5,643	4,970	9,975	9,010	17,961	17,345	33,822	29,467	33,822	29,467
Average inventory end of year	2,917	2,992	5,705	4,883	10,131	9,254	17,052	17,151	32,978	29,161	32,978	29,161
Average cost of goods sold, per store	5,464	5,081	12,331	11,352	25,043	24,939	52,604	51,477	132,569	122,486	132,569	122,486
Stock turnover (times per year)	1.9	1.7	2.2	2.3	2.5	2.7	3.0	3.0	4.0	4.2	4.0	4.2
Number of working proprietors	14	28	28	62	74	131	41	106	35	38	35	38
Gross trading profit (% of sales)	29.4	29.9	25.1	25.8	23.9	23.4	24.8	24.4	25.2	26.1	25.2	26.1
Operating expenses (% of sales)												
Employees' salaries	1.0	1.7	3.2	2.2	5.0	4.6	6.1	6.1	7.2	8.3	7.2	8.3
Advertising	0.3	0.2	0.1	0.2	0.4	0.4	0.5	0.6	0.8	0.7	0.8	0.7
Store supplies	1.2	0.9	0.9	0.8	0.9	0.7	0.6	0.7	0.4	0.5	0.4	0.5
Bad debts	0.2	0.3	0.1	0.3	0.2	0.1	0.1	0.1	0.1	0.3	0.1	0.3
Taxes and insurance	1.8	1.0	1.6	1.3	1.3	0.8	1.1	0.7	0.9	0.7	0.9	0.7
Rent	-	3.8	-	2.6	-	2.1	-	1.7	-	1.4	-	1.4
Light, heat and power	1.9	1.4	1.3	0.9	0.9	0.7	0.7	0.6	0.5	0.4	0.5	0.4
Repairs and maintenance	1.2	0.8	0.8	0.3	0.6	0.5	0.7	0.3	0.3	0.3	0.3	0.3
Depreciation	1.4	0.3	1.1	0.4	0.7	0.3	0.6	0.3	0.6	0.4	0.6	0.4
All other expenses	3.6	2.4	2.5	2.1	2.5	2.1	2.4	2.2	2.1	2.9	2.1	2.9
Total expenses	12.6	12.8	11.6	10.6	12.5	12.3	12.8	13.3	12.9	16.0	12.9	16.0
Net profits before deduction of proprietors' salaries and income tax.	16.8	17.1	13.5	15.2	11.4	11.1	12.0	11.1	12.3	10.1	12.3	10.1
Average net earnings per store	1,304	1,239	2,225	2,327	3,749	3,620	8,387	7,560	21,738	16,716	21,738	16,716
Average customers' accounts outstanding	61	48	287	459	763	715	2,144	1,966	5,261	4,645	5,261	4,645

**Table 12.--Family Clothing Stores - Operating Results Classified According to Decree
of Net Profit by Size of Business and Occupancy Class, Canada, 1945**

Item	Less than \$10,000		\$10,000 - \$19,999				\$20,000 - \$49,999			
	Rented		Owned		Rented		Owned		Rented	
	Below Average	Above Average	Below Average	Above Average	Below Average	Above Average	Below Average	Above Average	Below Average	Above Average
Number of stores reporting	13	13	15	12	26	31	34	32	70	50
Average sales per store	7,355	7,140	16,215	16,770	14,816	15,694	34,532	30,653	32,998	31,893
Average cost of goods sold, per store	5,291	4,870	12,496	12,125	11,444	11,275	27,185	22,767	25,897	23,597
Number of working proprietors ..	13	15	15	13	26	36	35	39	74	57
Gross trading profit (% of sales)	28.1	31.8	22.9	27.7	22.8	25.2	22.0	26.2	21.5	26.0
Operating expenses (% of sales):										
Employees' salaries	2.7	0.7	3.9	2.5	2.5	1.9	5.5	4.4	5.0	4.0
Taxes and insurance	0.9	1.2	2.0	1.1	0.9	0.6	1.4	1.3	0.9	0.7
Rent	4.6	3.1	-	-	2.8	2.5	-	-	2.0	2.2
Light, heat and power	1.2	1.6	1.4	1.1	1.1	0.8	1.0	0.8	0.8	0.6
Repairs and maintenance	1.2	0.4	0.8	0.7	0.5	0.2	0.8	0.5	0.5	0.3
Depreciation	0.2	0.5	1.2	0.8	0.5	0.4	0.9	0.5	0.3	0.3
Total expenses	14.9	10.7	12.7	10.2	11.7	9.7	13.9	10.9	13.1	11.0
Net profits before deduction of proprietors' salaries and income tax	13.2	21.1	10.2	17.5	11.1	18.5	8.1	15.3	8.4	15.0
Average net earnings per store \$	972	1,506	1,662	2,329	1,641	2,903	2,820	4,736	2,788	4,785

Item	\$50,000 - \$99,999						\$100,000 and Over					
	Owned			Rented			Owned			Rented		
	Below Average	Above Average		Below Average	Above Average		Below Average	Above Average		Below Average	Above Average	
Number of stores reporting	16	16		45	28			12		15	11	
Average sales per store	68,307	71,541		68,354	67,566			179,368		151,311	185,307	
Average cost of goods sold, per store	52,949	52,260		52,707	49,500			130,214		116,631	130,470	
Number of working proprietors ..	21	20		59	47		SAMPLE	20		20	18	
Gross trading profit (% of sales)	22.5	27.0		22.9	26.7			27.4		22.9	29.6	
Operating expenses (% of sales):												
Employees' salaries	6.4	5.3		6.9	4.7		T00	7.0		8.4	8.2	
Taxes and insurance	1.3	0.9		0.7	0.6			0.9		0.7	0.7	
Rent	-	-		1.9	1.5			-		1.4	1.4	
Light, heat and power	0.9	0.5		0.6	0.5			0.5		0.4	0.4	
Repairs and maintenance	0.9	0.6		0.3	0.3			0.4		0.4	0.5	
Depreciation	0.7	0.4		0.4	0.2		SMALL	0.8		0.3	0.5	
Total expenses	14.1	11.5		14.8	10.7			12.5		16.3	15.7	
Net profits before deduction of proprietors' salaries and income tax	8.4	15.5		8.1	16.0			14.9		6.6	13.9	
Average net earnings per store \$	5,705	11,069		5,428	10,791			26,787		10,046	25,509	

D. Family Shoe Stores

Family shoe stores, as implied by the name, comprise stores selling men's, women's and children's shoes and other footwear. While other merchandise such as baggage and other leather goods may be sold, footwear forms the bulk of total sales.

A total of 285 usable reports were received from unincorporated stores. When classified by size of business, there were too few owned stores in the smallest and largest classes to warrant publication of results. Reports were received from 41 incorporated firms in the rented class which fell into the three largest size of business groups. Available comparisons with previous years for rented stores are shown in chart 2, page 16.

Trends by Size of Business - Unincorporated Stores (See table 13, page 25)

Gross profit ratios for the three size classes of owned stores followed an upward trend with sales volume. Their expenses, while greater in the larger stores, did not balance the difference in margin so that net profit ratios to sales also increased with volume of business. Rented stores followed a different pattern in gross and net profit ratios. Here a decrease occurred to the middle size class, then an upward swing took place to result in a greater ratio in the larger size store. Because of greater volume, the larger stores recorded much greater dollar value net earnings.

Like other businesses, salaries, as a percentage of sales, increased with sales volume while the rent expense ratio decreased. The remaining expense items showed less significant trends over the five size of business groups.

Five of the eight groups shown reported smaller inventories at the end of the year than at the first. Stock was replaced more often in the larger than in the smaller stores.

Comparison Between Unincorporated and Incorporated Stores (See table 14, page 26)

Table 14 presents comparable results of rented stores in the three largest size groups. Incorporated stores operated on a wider margin than unincorporated stores. Salaries paid to all firm members were included in employees' salaries and wages so that this item is much greater than the salaries of unincorporated stores. For this reason the net profit ratio, before deduction of income taxes, is not comparable as the unincorporated profit includes proprietors' salaries.

Advertising and rent formed a greater proportion of net sales in incorporated stores while the remaining expense items showed little change.

Like unincorporated, incorporated stores had a smaller stock value at the end of the year than at the beginning. Rate of stock turnover increased proportionately with business volume.

Table 13. --Family Shoe Stores - Operating Results of Unincorporated Stores Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1945

Item	AMOUNT OF ANNUAL SALES									
	\$10,000-		\$20,000-		\$50,000-		\$100,000-			
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented		
Number of stores reporting	11	12	40	20	102	13	63			13
Average sales per store	6,757	15,002	15,544	30,097	51,571	65,927	66,204			125,573
Average inventory beginning of year	3,025	5,454	5,048	9,193	8,775	15,457	14,458			19,415
Average inventory end of year	3,252	5,236	5,504	8,747	8,970	14,368	13,680			16,589
Average cost of goods sold, per store	4,848	11,461	11,344	22,341	23,337	48,163	45,460			86,888
Stock turnover (times per year)	1.5	2.1	2.1	2.5	2.6	3.2	3.4	SAMPLE		4.8
Number of working proprietors	11	13	42	21	120	15	72			17
Gross trading profit (% of sales)	22.3	23.6	27.0	25.8	26.1	26.9	26.8			30.8
Operating expenses (% of sales):										25
Employees' salaries	1.2	3.2	4.4	4.3	5.1	6.2	6.8			8.0
Advertising	0.2	0.6	0.3	0.4	0.4	0.7	0.6			1.1
Store supplies	0.3	0.5	0.6	0.4	0.7	0.5	0.5			0.5
Bad debts	0.1	0.2	0.2	(a)	0.1	0.1	0.1		T00	(a)
Taxes and insurance	0.9	1.3	1.0	1.3	0.7	0.8	0.7			0.6
Rent	4.2	-	3.4	-	2.6	-	2.6			2.0
Light, heat and power	1.3	0.9	1.0	0.8	0.6	0.4	0.4			0.3
Repairs and maintenance	0.3	0.8	0.3	0.7	0.4	0.6	0.4			0.3
Depreciation	0.8	0.7	0.3	0.9	0.3	0.4	0.2			0.3
All other expenses	1.6	1.5	1.6	1.7	1.7	1.6	2.0			1.4
Total expenses	10.9	9.7	13.1	10.5	12.6	11.3	14.3	SMALL		14.5
Net profits before deduction of proprietors' salaries and income tax.	17.4	13.9	13.9	15.3	13.5	15.6	12.5			16.3
Average net earnings per store	1,178	2,086	2,157	4,594	4,255	10,297	8,247			20,505
Average customers' accounts outstanding (a) Less than 0.05 per cent.	34	218	118	408	244	236	390			1,524

Table 14.--Family Shoe Stores - Operating Results of Unincorporated and Incorporated Rented Stores Compared, Canada, 1945

Item	AMOUNT OF ANNUAL SALES					
	\$20,000 - \$49,999		\$50,000 - \$99,999		\$100,000 and over	
	Unincorp- orated	Incorp- orated	Unincorp- orated	Incorp- orated	Unincorp- orated	Incorp- orated
Number of stores reporting	102	10	63	20	13	11
Average sales per store	31,571	36,430	66,404	70,466	125,573	199,613
Average inventory beginning of year	8,775	7,605	14,458	15,933	19,415	25,170
Average inventory end of year	8,970	7,460	13,680	15,379	16,569	24,044
Average cost of goods sold, per store	23,337	26,844	48,460	49,834	86,888	131,882
Stock turnover (times per year)	2.6	3.6	3.4	3.2	4.8	5.4
Number of working proprietors	120	-	72	-	17	-
Gross trading profit (% of sales)	26.1	29.6	26.8	29.3	30.8	33.9
Operating expenses (% of sales):						
Employees' salaries	5.1	12.3	6.8	13.0	8.0	13.6
Advertising	0.4	0.6	0.6	0.9	1.1	1.9
Store supplies	0.7	0.7	0.5	0.5	0.5	0.5
Bad debts	0.1	0.1	0.1	(a)	(a)	(a)
Taxes and insurance	0.7	0.6	0.7	0.7	0.6	0.4
Rent	2.6	4.1	2.6	3.4	2.0	3.9
Light, heat and power	0.6	0.5	0.4	0.5	0.3	0.4
Repairs and maintenance	0.4	0.4	0.4	0.2	0.3	0.3
Depreciation	0.3	0.4	0.2	0.4	0.3	0.2
All other expenses	1.7	1.9	2.0	2.2	1.4	1.8
Total expenses	12.6	21.5	14.3	21.8	14.5	23.0
Net profits (Unincorporated stores include proprietors' salaries)	13.5	8.1	12.5	7.5	16.3	10.9
Average customers' accounts outstanding \$ (a) Less than 0.05 per cent.	244	67	390	665	1,524	1,150



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OPERATING RESULTS OF RETAIL CLOTHING STORES 1946

BULLETIN NO. 2



**OPERATING RESULTS
OF
RETAIL CLOTHING STORES
1946**

INDEPENDENT:

MEN'S CLOTHING STORES

WOMEN'S READY-TO-WEAR STORES

FAMILY CLOTHING STORES

FAMILY SHOE STORES

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DEFINITIONS.....

NET SALES represent the real volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

GROSS MARGIN is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting the ending inventory.

OPERATING EXPENSES are the amounts paid out for any and all expenses incurred in the operation of a business, except the cost of merchandise. These include:

Salaries and wages - paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are included in Net Profit.

Advertising

Store supplies - used in the business during the year - wrapping paper, office supplies, gasoline and oil for delivery trucks.

Loss on bad debts - during the year - amount written off
Less debts which are recovered.

Taxes and Insurance - business, property and water taxes, licences including truck licences, and insurance premiums carried for the protection of the business. Income taxes and other taxes collected for remittance to governmental bodies are not included.

Rentals - monies paid for premises used only in the business.

Heat, light and power expenses - amount paid for these used during the year.

Repairs and maintenance - incurred for the purposes of keeping fixed store assets, including delivery equipment, operating efficiently.

Depreciation - allowances to cover decreases in the value of fixed store assets, including delivery equipment.

Occupancy expense - comprises taxes and insurance, rent, heat, light and power, repairs and maintenance, and depreciation.

Other expenses - telephone, telegraph, postage, bank charges, legal fees, collection and auditing fees, etc.

NET PROFIT is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals.

STOCK TURNOVER is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise.

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OPERATING RESULTS OF CLOTHING STORES

INTRODUCTION

The operating results of retail clothing stores for 1946 are presented in this report, which continues the series of bulletins published for 1944 and 1945. The survey is based upon operating statements contributed by a sample of firms throughout the country and covers four types of stores - men's clothing, women's clothing, family clothing, and family shoe stores. The sample includes both unincorporated and incorporated independent stores, but excludes chain stores.

Several innovations in the treatment of the subject matter have been introduced. A case study which describes the background and operating experiences of an apparel merchant should help other retailers to use the average ratios presented herein. Results of the four types of clothing stores are grouped to provide a composite picture of the trade. Tables and charts illustrate, clarify and facilitate understanding of the text. It is hoped that clothing merchants, students, and others, will consult these reports as sources of reference and information.

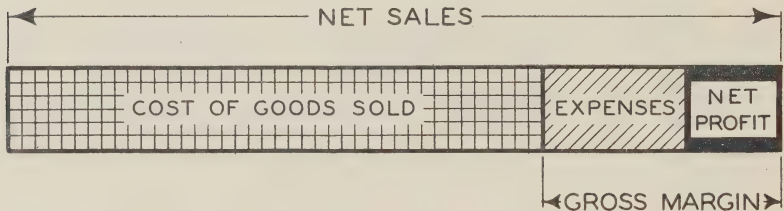
Once each year, at least, the merchant must come to grips with the task of reviewing his operations, and calculating his expenses and profits. At the same time he may make plans for the coming months, applying his knowledge, experience, and personal observations to increase the efficiency of his business. This bulletin has been prepared for the purpose of augmenting the merchant's experience with data which describe the operations of his own type and size of business.

Our studies do not attempt to deal with such matters as store layout, advertising display, and salesmanship, which may be called methods of operation. The emphasis here is upon operating results, comparisons of profit and loss statements and their component parts.

The necessity of maintaining some orderly system of book-keeping cannot be over-emphasized. If some method of current record keeping is not employed, it is difficult to compare individual operations with average experience as shown in this study. It is essential that the meanings of terms be checked in such comparisons. For this purpose a list of definitions has been inserted at the beginning of this bulletin.

The component parts of operating ratios are graphically portrayed in the following formula and bar chart:

$$\text{NET SALES} = \text{COST OF GOODS SOLD} + \text{GROSS MARGIN}$$



$$\text{GROSS MARGIN} = \text{EXPENSES} + \text{NET PROFIT}$$

CASE STUDY

Every retail merchant faces problems of this nature concerning his operations:

- what is an adequate profit for his line of business, .
- what proportion should be distributed in wages to employees,
- how much inventory should be carried,
- what is the proper amount to pay for rent in relation to size of business,
- how many times a year should inventory be turned over.

In order to help clothiers use the average ratios computed in the survey, a case study of the operations of several women's ready-to-wear merchants has been made. Merchants A, B, and C are located in a metropolitan area of Quebec and fall within the \$20,000 - \$49,999 size-of-business range. Each merchant presented is a composite of several retailers, so that individual operations have not been revealed. A further selection-factor concerned profitability of operations - Merchant A may be regarded as **less-than-average**, merchant B as fairly typical, and merchant C as better-than-average.

Shop A was near the centre of a block which was not part of a main thoroughfare. No remodelling or replacement of store furnishings has been carried out since the late twenties. Shallow display windows flanked the double entrance. Stock racks within the store were arranged in rows parallel to the front, with an aisle running down the middle. Two mirrors, one opposite the other, occupied the rear of the store proper, while several dressing rooms and the business office were situated at the back. Three salespersons, in addition to the proprietor, were employed.

Store B was on the corner of a centre-town block. Part of the shop had recently been rebuilt to permit recessing of stock racks. Store fixtures were in a state of transition - with new fixtures gradually replacing the former furnishings. Dressing rooms were enlarged and indirect lighting installed. Two clerks with the proprietor comprised the sales staff.

Merchant C's shop was located on one of the main avenues of the downtown shopping area. The frontage had been converted to plate glass, chrome, and black vitrolite. The interior chrome fixtures were recessed and reversible, with stock arranged by type and size. The proprietor worked with the single saleswoman and employed a part-time bookkeeper who was responsible for records, accounts, and stock marking. Another clerk was serving an apprenticeship, preliminary to assuming duties as a qualified salesperson.

In the accompanying table operating results for the three merchants are recorded, beside the average data for the same size class of a sample of clothing merchants throughout the country:

1946 OPERATING RESULTS OF CLOTHING MERCHANTS A, B, AND C
COMPARED WITH AVERAGE OPERATING RESULTS

Item	Average data \$20,000- \$49,999	Merchant A below average	Merchant B average	Merchant C above average
Average Sales per Store ...	\$32,996	\$25,215	\$28,740	\$29,740
Average Cost of Goods Sold ...	\$20,879	\$19,088	\$18,735	\$18,766
Per Cent of Net Sales ...	72.4	75.7	65.2	63.1
Average Beginning Inventory	\$ 5,201	\$ 7,712	\$ 2,543	\$ 2,339
Per Cent of Net Sales ...	15.8	30.6	8.8	7.9
Average Ending Inventory ..	\$ 6,558	\$10,123	\$ 3,627	\$ 3,560
Per Cent of Net Sales ...	19.8	40.1	12.6	12.0
Stock Turn (times per year)	4.1	2.4	5.6	6.5
Gross Margin	27.6	24.3	34.8	36.9
Operating Expenses:				
Employees' Salaries	6.7	10.5	7.6	5.5
Advertising	0.5	-	0.5	0.7
Store Supplies	0.8	1.3	0.5	0.6
Rent	3.0	3.7	7.2	6.7
Light, Heat, and Power ..	0.7	0.4	0.5	0.6
Repairs and Maintenance .	0.4	1.1	0.5	0.3
All Others	4.3	3.2	7.5	5.7
Total Operating Expenses ..	16.4	20.2	24.5	20.1
Net Profit	11.2	4.1	10.3	16.8

Merchant A's cost of goods sold was 76 per cent of net sales, leaving a gross margin of 24 per cent as compared to the average of 28 per cent in his size-of-business class. His beginning inventory was 31 per cent of net sales as compared to the average of 16 per cent and as the table indicates, his stock turn, dependent largely on actual size of inventory, was 2.4 times per year compared with 4.1 for his size-of-business class. This left a low gross operating margin into which high salary and store supplies ratios made sizable inroads, to result in a net profit of 4.1 per cent.

The value of Merchant B's stock as a proportion of sales, at the end of the year, was lower than the average (13 per cent and 20 per cent, respectively). The stock moved at a rate considerably higher than average. Though the rent ratio was more than double the survey proportion, other expenses compared favorably. Merchant B earned a net profit of 10.3 per cent, which was slightly below the average.

The cost of goods sold, as a ratio of net sales, for Merchant C was relatively low as were his beginning and ending inventories. The salary percentage was comparatively small; advertising bore a very similar ratio; stock turn was 6.5 times. Though the rent percentage of 6.7 exceeded the average 3.0 it was not as great as that of proprietor B. Other expenses, such as store supplies and repairs, were checked carefully. As the table reveals, total operating expenses were in excess of the 16.4 average. In consequence, however, of his high gross margin Merchant C gained a net profit which surpassed by a substantial margin the typical ratio.

To recapitulate briefly - Merchant A was relatively over-stocked and expended a large proportion in salaries; Proprietor B paid high relative rentals and salaries and might have profited by a more careful allocation of expenses classified under "all others"; Merchant C's salary outlay was proportionately less than the average and his other expenses, save rent, were satisfactory.

Any businessman may draw comparisons as indicated above. With these operating data as a basis for analysis and evaluation, dynamic conditions of purchasing, marketing, and competition might be met with more confidence.

It should be borne in mind that average operating ratios are compiled from figures submitted by a sample of firms. Any inferences drawn from these data must, therefore, be qualified by the fact that there is considerable variation between one establishment and another. Such differences are the result of varying sets of circumstances which form the operating backgrounds of individual firms.

HIGHLIGHTS AND SUMMARY

IN 1946.....

- Gross margins and net profits declined since 1944 in both incorporated and unincorporated men's and women's apparel stores, with the exception of unincorporated men's shops, where net profits increased 1.4 per cent. Net profits of unincorporated firms were double or almost double in 1946 when compared with 1938.
- The dollar value of inventories at the end of 1946 ranged between 20 and 34 per cent above the 1945 level. Clothing prices, as reported by the Dominion Bureau of Statistics, rose from 122.5 in December 1945, to 131.2 in December 1946 (1935-1939=100), to gain about 7 per cent. It follows that increases in the physical volume of merchandise were not as great as those in dollar value.
- The rate of stock turnover in men's clothing and in family clothing stores, in 1946, was almost double the 1938 rate. In women's apparel shops the increase was moderate, while the turnover improved by 70 per cent in family shoe outlets.

MEN'S CLOTHING STORES:

1. The average unincorporated men's clothing store operated on a gross margin of 26.9 per cent in 1946 compared to 27.5 per cent in 1945, and 27.2 per cent in 1944. Curtailment of expenses almost balanced the 1946 reduction in gross margin to result in a slightly lower net profit of 13.7 per cent compared to 14.0 per cent in the previous year. (See Table 1, page 9).

2. In 1946, incorporated firms realized a gross margin of 30.5 per cent, one per cent less than the average obtained in 1945. A slight increase in salary expense accounted for a rise in total expenses to net a profit of 9.8 per cent in 1946 as compared to 11.0 per cent in 1945. (See Table 1, below).
3. No definite trend was established in gross margin or net profit over the different size-of-business classes in 1946. Total expenses reflected the trend of salaries where the ratio to net sales increased with sales volume. The ratio of rent to net sales decreased with volume of business. (See Table 5, page 18).
4. Incorporated firms operated on wider gross margins than unincorporated businesses in 1946. Salaries paid to executives of incorporated firms are included in salary expense, whereas, the salaries withdrawn by proprietors of unincorporated **stores are** not shown as part of salary expense but are included in net profit. Both types of organization were better stocked with merchandise at the end of the year than at the beginning. When making any comparison of dollar values between 1946 and previous years, caution should be exercised and allowance made for price increases. (See Table 6, page 19).

TABLE 1. - OPERATING RESULTS OF MEN'S CLOTHING STORES - 1944, 1945, 1946

Item	Incorporated Stores		Unincorporated Stores		
	1946	1945	1946	1945	1944
Number of stores reporting .	93	102	434	441	160
Average net sales per store \$	142,294	120,007	57,537	51,904	45,204
Gross margin	30.5	31.5	26.9	27.5	27.2
Operating expenses:					
Employees' salaries	12.0	11.7	5.9	5.9	6.3
Advertising	1.2	1.1	0.7	0.7	
Store supplies	0.6	0.7	0.6	0.5	
Bad debts	0.1	0.1	0.1	0.1	
Occupancy expense	4.5	4.6	3.8	4.0	
All other expenses	2.3	2.3	2.1	2.3	
Total operating expenses .	20.7	20.5	13.2	13.5	14.9
Net profits before income tax (a)	9.8	11.0	13.7	14.0	12.3

(Items expressed as percentage of net sales)

(a) For unincorporated stores this ratio includes proprietors' salaries.

WOMEN'S READY-TO-WEAR STORES:

1. The average unincorporated women's ready-to-wear store operated on a gross margin of 27.1 per cent of net sales in 1946 compared to 27.7 per cent in 1945 and 27.9 per cent in 1944. Net profit ratios for the same years held similar relative positions at 10.9 per cent, 11.5 per cent and 11.8 per cent respectively. The ratio of total expenses in 1946 remained at the 1945 level of 16.2 per cent of net sales. (See Table 2, below).
2. Incorporated stores in this kind of business realized a gross margin of 29.2 per cent, some two per cent greater than that earned by unincorporated stores. Like the latter group, gross and net profits of incorporated firms were, on the average, reduced from the previous year. (See Table 2, below).
3. Both average gross margins and average net profit ratios (to net sales) in unincorporated stores declined in 1946 as volume of business increased. Although total expenses were irregular in trend, salaries increased considerably from 2.4 per cent in the smallest size group to 7.8 per cent in the largest. (See Table 7, page 22).

TABLE 2. - OPERATING RESULTS OF RETAIL WOMEN'S READY-TO-WEAR STORES
1944, 1945, 1946

Item	Incorporated Stores		Unincorporated Stores		
	1946	1945	1946	1945	1944
Number of stores reporting .	118	120	584	583	199
Average net sales per store \$	105,493	123,592	38,705	36,618	31,108
Gross margin	29.2	30.5	27.1	27.7	27.9
Operating expenses:					
Employees' salaries	13.1	12.7	6.9	6.9	6.9
Advertising	1.3	1.7	0.7	0.7	
Store supplies	0.8	0.7	0.8	0.9	
Bad debts	0.1	0.1	0.1	0.1	9.2
Occupancy expenses	4.9	5.2	4.7	4.8	
All other expenses	2.8	2.8	3.0	2.8	
Total operating expenses .	23.0	23.2	16.2	16.2	16.1
Net profit before income tax (a)	6.2	7.3	10.9	11.5	11.8

(Items expressed as percentage of net sales)

(a) For unincorporated stores this ratio includes proprietors' salaries.

FAMILY CLOTHING STORES:

1. In 1946, the average gross margin realized by unincorporated family clothing stores (23.8 per cent of net sales) was one per cent lower than the 1945 figure. (See Table 3, below).
2. Incorporated stores in this class of business bettered slightly the gross margin and net profit ratios of 1945. The percentages for 1945 and 1946, were respectively-gross margin 29.1 per cent and 29.3 per cent, net profit 7.8 per cent and 8.3 per cent. (See Table 3, below).
3. In 1946, the ratio of net profit in unincorporated stores decreased as business volume expanded. Gross margin ratios, however, declined toward the middle size ranges then increased somewhat in the largest stores. Higher expenses in the larger stores more than offset the larger gross profits. Salaries increased consistently with size-of-business from 0.6 per cent to 7.8 per cent. (See Table 9, page 26).

TABLE 3. - OPERATING RESULTS OF FAMILY CLOTHING STORES - 1944, 1945, 1946

Item	Incorporated Stores		Unincorporated Stores		
	1946	1945	1946	1945	1944
Number of stores reporting .	50	49	469	461	139
Average net sales per store \$	264,178	225,398	54,053	49,709	45,667
Gross margin	29.3	29.1	23.8	24.8	24.3
Operating expenses:					
Employees' salaries	12.3	12.4	5.9	6.1	5.8
Advertising	1.7	1.6	0.6	0.5	
Store supplies	0.8	0.9	0.7	0.6	
Bad debts	0.3	0.2	0.2	0.2	7.4
Occupancy expense	3.7	4.0	3.5	3.6	
All other expenses	2.2	2.2	2.2	2.3	
Total operating expenses .	21.0	21.3	13.1	13.3	13.2
Net profit before income tax (a)	8.3	7.8	10.7	11.5	11.1

(Items expressed as percentage of net sales)

(a) For unincorporated stores this ratio includes proprietors' salaries.

FAMILY SHOE STORES

1. Family shoe stores of the unincorporated form of organization, on the average, derived a gross margin of 26.8 per cent of net sales in 1946. This was a lower proportion of net sales than was obtained in the two previous years. Net profit ratios were 12.5 per cent in 1946, 13.9 per cent in 1945, and 12.6 per cent in 1944. (See Table 4, below).
2. Incorporated firms in this trade realized a wider margin in 1946 than unincorporated stores (31.8 per cent compared with 26.8 per cent.) Although the ratio was of similar proportion to that obtained in 1945, higher expenses in 1946 reduced net profits of incorporated stores from 9.5 per cent in 1945 to 8.2 per cent in 1946. (See Table 4, below).
3. Trends of both gross and net profit percentages were irregular over the five size-of-business classes in 1946. In common with other retail businesses, salaries increased as sales volume expanded, while rent expense was reduced. (See Table 10, page 29).

TABLE 4. - OPERATING RESULTS OF FAMILY SHOE STORES - 1944, 1945, 1946

Item	Incorporated Stores		Unincorporated Stores		
	1946	1945	1946	1945	1944
Number of stores reporting .	36	41	302	285	165
Average net sales per store \$	96,416	97,231	44,867	41,621	41,328
Gross margin	31.8	31.9	26.8	27.3	27.6
Operating expenses:					
Employees' salaries	14.5	13.3	6.9	6.2	7.1
Advertising	1.5	1.4	0.7	0.6	
Store supplies	0.5	0.5	0.7	0.6	
Bad debts	(a)	(a)	(a)	0.1	7.2
Occupancy expense	5.4	5.3	4.2	4.1	7.9
All other expenses	1.7	1.9	1.8	1.8	
Total operating expenses .	23.6	22.4	14.3	13.4	15.0
Net profit before income tax (b)	8.2	9.5	12.5	13.9	12.6

(Items expressed as percentage of net sales)

(a) Less than 0.05 per cent.

(b) For unincorporated stores this ratio includes proprietors' salaries.

OPERATIONS OF CLOTHING STORES COMPARED

Incorporated firms were not included in operating cost surveys prior to 1945. For this reason, the comparisons made here refer only to unincorporated clothing stores. Available comparisons for the same stores by size-of-business are illustrated in charts on pages 17, 21, 25 and 28.

GROSS MARGIN AND NET PROFIT

The general decline in gross margins, evident since 1938, continued in 1946, all four types of clothing stores obtaining smaller ratios than in 1945. Men's clothing, women's apparel, and shoe stores had quite similar gross margin percentages - 26.9, 27.1 and 26.8 per cent, respectively. Family clothing stores operated on a lower gross margin ratio of 23.8 per cent of net sales.

Although they realized the widest gross margin, the net profit of women's clothing stores decreased to 10.9 per cent due to high expenses. Men's clothing stores operated on lesser expense ratios to net a profit of 13.7 per cent. In all cases, net profits were much greater in 1946 than in 1938 but followed the gross margin trend of reduction from 1945, except in the case of men's clothing stores. This group operated on the highest net profit with shoe stores next. Average gross margins and net profits for retail clothing stores of the unincorporated type are shown in the following table:

GROSS MARGINS AND NET PROFITS OF RETAIL CLOTHING STORES 1938, 1941, 1944, 1945, 1946

YEAR	MEN'S CLOTHING		WOMEN'S CLOTHING		FAMILY CLOTHING		SHOE STORES	
	Gross Margin	Net Profit	Gross Margin	Net Profit	Gross Margin	Net Profit	Gross Margin	Net Profit
1938 .	28.7	7.0	29.7	4.6	27.1	4.4	29.8	6.6
1941 .	27.7	15.3	27.5	9.4	(not available)		26.3	9.3
1944 .	27.2	12.3	27.9	11.8	24.3	11.1	27.6	12.6
1945 .	27.5	13.5	27.7	11.5	24.8	11.5	27.3	13.9
1946 .	26.9	13.7	27.1	10.9	23.8	10.7	26.8	12.5

AVERAGE SALES, BEGINNING AND ENDING INVENTORIES, AND STOCK TURNOVER

Men's clothing stores have shown the most growth in dollar volume of sales, progressing from an average of \$33,819 in 1938 to \$57,537 in 1946. Women's clothing stores averaged \$38,705 net sales in 1946, only a moderate increase since 1938. Family clothing stores averaged \$54,053 in 1946 while the average unincorporated shoe store sold \$44,867 worth of merchandise. Average sales figures are best interpreted in relation to those for preceding years in the same type of store, due to the structure of the sample.

All average inventories in 1946 were below the 1938 level, except the stock held by men's clothing stores at the end of the year. In dollar value, family clothing stores held the largest stock while women's clothing stores were smallest. This smaller inventory accounted for the stock turnover of 4.6 times per year in women's clothing stores - a higher rate than the other clothing stores. Shoe store inventory turnover, at 2.9 times, was least frequent of the four types of apparel stores, while men's and family clothing stores averaged 3.6 and 3.2 times a year respectively.

Inventories were generally at their lowest in 1944 and have since steadily increased in dollar value. The low point in the inventory of men's clothing stores at the end of 1945 may be attributed to the demand on stock made by rehabilitation of service personnel at that time, coupled with shortages of both cotton and woollen materials.

AVERAGE SALES, INVENTORIES AND STOCK TURNOVER, RETAIL CLOTHING STORES
1938, 1941, 1944, 1945, 1946

YEAR	MEN'S CLOTHING				WOMEN'S CLOTHING			
	Sales	Beginning Inventory	Ending Inventory	Stock turnover	Sales	Beginning Inventory	Ending Inventory	Stock turnover
	\$	\$	\$		\$	\$	\$	
1938 .	33,819	12,593	12,796	1.9	37,094	6,913	7,083	3.7
1941 .	38,287	12,481	13,942	2.1	29,707	4,998	5,624	4.1
1944 .	45,205	13,168	11,592	2.7	31,108	4,827	4,840	4.6
1945 .	51,904	11,342	10,131	3.5	36,618	5,304	5,617	4.8
1946 .	57,537	9,899	13,205	3.6	38,705	5,543	6,836	4.6

AVERAGE SALES, INVENTORIES AND STOCK TURNOVER, RETAIL CLOTHING STORES
1938, 1941, 1944, 1945, 1946

YEAR	FAMILY CLOTHING				SHOE STORES			
	Sales	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over	Sales	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over
	\$	\$	\$		\$	\$	\$	
1938 .	36,165	14,760	14,539	1.8	33,711	13,584	13,765	1.7
1941 .		(not available)			34,398	11,616	13,015	2.1
1944 .	45,667	11,398	12,014	3.0	41,328	10,443	10,525	2.9
1945 .	49,709	12,160	12,104	3.1	41,621	10,169	9,978	3.0
1946 .	54,053	11,750	14,238	3.2	44,667	10,174	12,317	2.9

AVERAGE OPERATING EXPENSES

As in other years of the survey, salaries and wages paid to employees constituted the largest single item of expense in clothing stores in 1946. Men's clothing and family clothing stores, on the average, paid out 5.9 per cent of net sales to employees and the other two types 6.9 per cent each. Advertising expense and supplies used were quite steady, ranging between 0.6 and 0.8 per cent of net sales.

Women's apparel shops spent a greater proportion for occupancy than did the other types of clothing stores. In the rented class with sales between \$20,000 and \$49,999 the occupancy expense ratio was - women's clothing 5.2, shoe stores 4.7, men's clothing 4.4 and family clothing stores 4.3 per cent. This relationship held true for the averages of all size and occupancy groups.

OPERATING EXPENSES OF RETAIL CLOTHING STORES, 1946

Expense	Men's Clothing	Women's Clothing	Family Clothing	Shoe Stores
Salaries	5.9	6.9	5.9	6.9
Advertising	0.7	0.7	0.6	0.7
Supplies	0.6	0.8	0.7	0.7
Occupancy	3.8	4.7	3.5	4.2
Others	2.2	3.1	2.4	1.8
TOTAL	13.2	16.2	13.1	14.3

(Items expressed as percentages of net sales)

GENERAL DISCUSSION, TABLES, AND CHARTS.

1. MEN'S CLOTHING STORES

This classification consists of stores selling a general line of men's apparel and furnishings but excludes specialized furnishings' stores. Other specialty stores such as hat stores and custom tailors were not included.

Of the reports received from unincorporated stores 434 were usable and their results are presented in five ranges of sales size, with too few falling in the rented class under \$10,000 net sales to allow publication. Satisfactory returns from 93 incorporated firms were mainly in the rented class within the three largest size brackets.

Trends by Size of Business (See Table 5, page 18)

The main points in size-of-business trend are presented in the section entitled "Highlights and Summary" on page 9. The proportion spent on advertising by the larger stores was double that in the smaller size groups. Salaries paid to employees followed a pattern common to most retail stores, increasing in ratio to sales volume, and accounted for the same trend in total expenses. Dollar volume of net profits was much greater in the large stores.

Every size and occupancy class registered higher inventories at the end of the year than at the beginning. The rate of stock turnover ranged from 1.6 times per year in the smallest group to 4.2 in the largest.

Unincorporated and Incorporated Stores Compared (See Table 6, page 19)

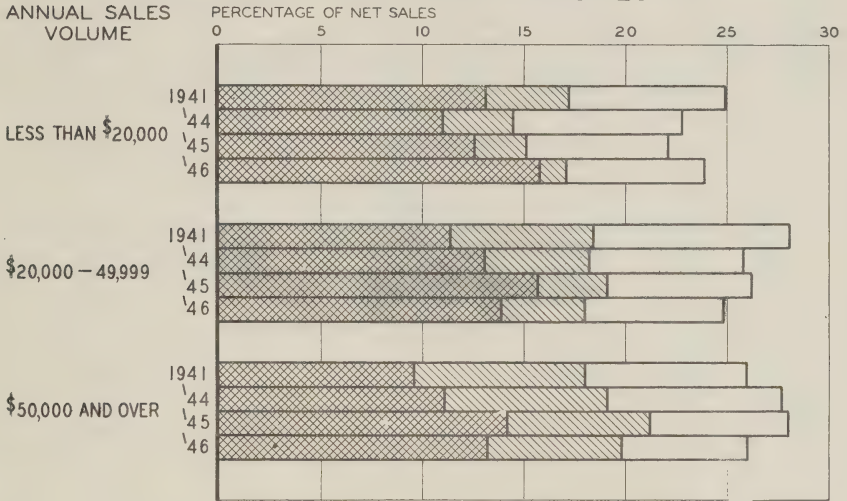
Comparable results for the three largest size-of-business groups of rented stores are shown in Table 6. Owned stores in the incorporated type of store were too few to allow publication of results. No definite trend in profits can be seen over the three size classes. The salaries paid to employees included all firm members of the incorporated type but excluded proprietors' salaries of the unincorporated stores. The latter are included with net profit and account for the difference in net profit ratio between the two types of organization.

Incorporated stores generally spent more on advertising and rent than did unincorporated stores. Both types bettered their inventory position at the end of the year and incorporated firms sold and replaced their stock slightly oftener in the year than did unincorporated stores.

OPERATING RESULTS OF MEN'S CLOTHING STORES

GROSS MARGIN = NET PROFIT + SALARIES + OTHER EXPENSES

OWNED STORES



RENTED STORES

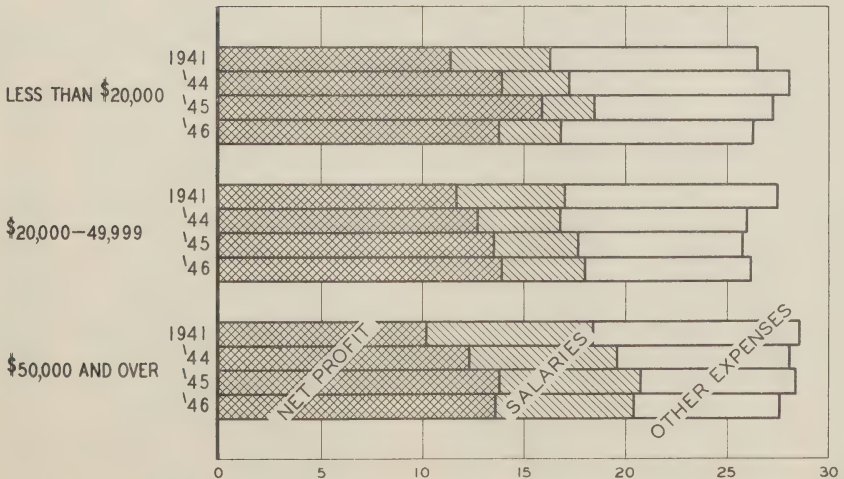


Table b. Women's Clothing Stores - Operating Results of Unincorporated Retail Stores Classified
According to Amount of Annual Sales and Occupancy Basis, Canada, 1946

Item	OWNED STORES				RENTED STORES			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$39,999	\$40,000 to \$59,999	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$39,999	\$40,000 to \$59,999
Number of stores reporting	23	46	25	13	11	36	130	95
Average net sales per store \$	14,020	33,313	74,852	130,596	7,042	15,410	34,442	68,287
Average cost of goods sold, per store	10,637	25,052	55,715	96,032	4,995	11,406	25,430	50,022
Average inventory beginning of year	4,327	7,117	11,353	19,943	2,654	3,656	7,518	10,271
Average inventory end of year ... \$	5,230	8,525	15,813	26,226	3,415	4,467	9,659	14,123
Stock turnover (times per year) ...	2.2	3.2	4.1	4.2	1.6	2.8	3.0	4.1
Average net profits per store ... \$	2,231	4,617	10,476	16,185	1,361	2,005	4,794	9,147
Number of working proprietors	30	52	29	15	11	36	161	121
								75
								21,753
PROFIT AND LOSS DATA (Items Expressed as Percentages of Net Sales)								
Gross margin	24.1	24.8	25.6	26.5	29.1	26.0	26.2	26.7
Operating expenses:								
Employees' salaries and wages ...	1.4	4.1	5.5	7.8	0.7	3.3	4.1	6.0
Advertising	0.4	0.4	0.6	0.7	0.4	0.4	0.5	0.7
Store supplies	0.6	0.6	0.6	0.3	0.7	0.7	0.7	0.7
Bad debts	0.2	0.1	0.1	0.1	0.2	0.2	0.1	0.1
Taxes and insurance	1.3	1.3	1.1	1.2	1.0	0.8	0.6	0.6
Rent	-	-	-	-	3.4	3.4	2.4	2.1
Light, heat, and power	1.2	0.7	0.5	0.6	1.2	0.8	0.6	0.4
Repairs and maintenance	0.8	0.8	0.5	0.5	0.1	0.6	0.5	0.4
Depreciation	0.6	0.6	0.4	0.7	0.1	0.3	0.3	0.3
All other expenses	1.7	2.3	2.3	2.2	1.7	2.5	2.5	2.0
Total operating expenses	8.2	10.9	11.6	14.1	9.5	13.0	12.3	13.3
Net profits before deduction of proprietors' salaries and income tax	15.9	13.9	14.0	12.4	19.6	13.0	13.9	13.4
								13.8

Table 6.--Len's Clothing Stores - Operating Results of Incorporated and Unincorporated Rented Stores Compared, Canada, 1946

Item	Incorporated Stores			Unincorporated Stores		
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and Over	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and Over
Number of stores reporting	10	24	50	130	95	50
Average net sales per store	38,688	68,808	200,884	34,442	68,287	158,298
Average cost of goods sold, per store ..	27,506	49,675	138,201	25,430	50,022	113,405
Average inventory beginning of year ...	6,114	10,150	28,732	7,518	10,271	23,895
Average inventory end of year	9,401	14,324	38,115	9,659	14,123	33,346
Stock turnover (times per year)	3.5	4.1	4.1	3.0	4.1	4.0
Average net profits per store	2,863	5,374	20,283	4,794	9,147	21,753
Number of working proprietors	-	-	-	161	121	75
PROFIT AND LOSS DATA (Items Expressed as Percentages of Net Sales)						
Gross margin	28.9	27.8	31.2	26.2	26.7	28.4
Operating expenses:						
Employees' salaries and wages	12.6	11.2	12.2	4.1	6.0	7.4
Advertising	0.9	0.7	1.3	0.5	0.7	1.0
Store supplies	0.6	0.6	0.6	0.7	0.7	0.5
Bad debts	0.3	0.1	0.1	0.1	0.1	0.1
Taxes and insurance	0.8	0.7	0.6	0.6	0.6	0.5
Rent	2.6	2.8	3.0	2.4	2.1	1.9
Light, heat, and power	0.7	0.5	0.4	0.6	0.4	0.4
Repairs and maintenance	0.3	0.5	0.5	0.5	0.4	0.5
Depreciation	0.3	0.3	0.2	0.3	0.3	0.3
All other expenses	2.4	2.6	2.2	2.5	2.0	2.0
Total operating expenses	21.5	20.0	21.1	12.3	13.3	14.6
Net profits before income tax (a)	7.4	7.8	10.1	13.9	13.4	13.9

(a) For unincorporated stores this ratio includes proprietors' salaries.

2. WOMEN'S READY-TO-WEAR STORES

Stores classified as women's ready-to-wear deal principally in women's coats, suits, and dresses, with or without related lines of accessories. Specialty stores, such as hosiery shops, millinery stores, and furriers are not included in this study.

From the reports received, results were compiled from the usable returns of 584 unincorporated and 118 incorporated firms. In some size brackets, there were too few stores to warrant the publication of results.

Trends by Size of Business (See Table 7, page 22)

With minor exceptions gross margin and net profit in unincorporated stores decreased in ratio as the volume of sales expanded. The decreased ratio of net profits, expressed in dollar value, actually represented greater net profits for the largest stores. Similar to most retail stores, the proportion spent on salaries increased progressively as the store size range became larger. This class also spent a greater proportion in advertising while occupancy expenses decreased in ratio with expanding volume of sales. The remaining expenses remained fairly even over the different size classes.

All size and occupancy groups increased the dollar value of stocks held at the end of the year as compared to those held at the beginning. The rate of turnover increased from 2.1 times per year in small stores to 7.3 times in the largest size bracket.

Unincorporated and Incorporated Stores Compared (See Table 8, page 23)

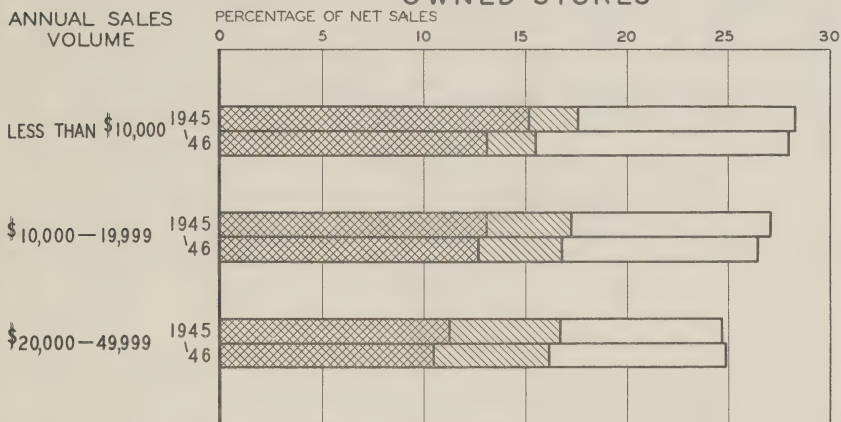
Sufficient reports were received to allow presentation of results between these two types of organization for rented stores in the three largest size-of-business groups. Incorporated firms realized wider gross margins than unincorporated. While both gross margins and net profits of unincorporated stores decreased in ratio to net sales (as business volume expanded) only gross margin of incorporated stores followed a similar trend. Net profits rose from 5.0 per cent in the smallest size class shown to 6.6 per cent in the sales group of \$100,000 or over.

Incorporated businesses spent a greater proportion of net sales on advertising, taxes and insurance, and rent. Their salary ratio includes monies paid to all firm members, and is accordingly higher than that for unincorporated stores which does not include proprietors' salaries or withdrawals.

OPERATING RESULTS OF WOMEN'S READY-TO-WEAR STORES

GROSS MARGIN = NET PROFIT + SALARIES + OTHER EXPENSES

OWNED STORES



RENTED STORES

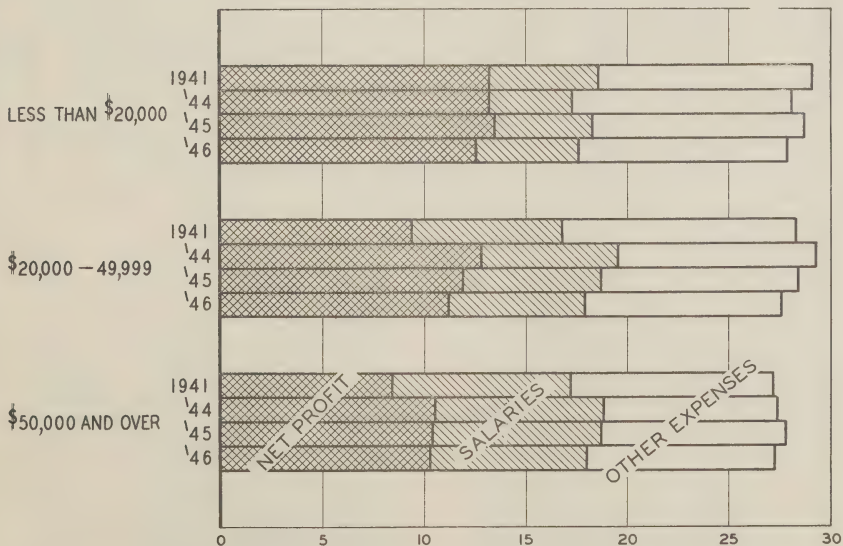


Table 7.--Women's Ready-to-Wear Stores - Operating Results of Unincorporated Retail Stores Classified
According to Amount of Annual Sales and Occupancy Basis, Canada, 1946

Item	OWNED STORES					RENTED STORES				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	15	25	36	9		37	105	228	99	25
Average net sales per store	7,060	14,495	32,652	64,573		7,193	15,172	32,996	70,419	137,507
Average cost of goods sold, per store	5,086	10,661	24,523	46,990		5,135	10,963	23,879	50,725	101,774
Average inventory beginning of year	2,228	3,154	5,182	7,200	SAMPLE	2,303	3,276	5,201	9,118	15,938
Average inventory end of year	2,547	3,413	5,984	10,331		2,309	3,517	6,538	11,356	14,927
Stock turnover (times per year) ...	2.1	3.2	4.4	5.6		2.2	3.1	4.1	5.0	7.3
Average net profits per store	923	1,836	3,432	6,017		884	1,917	3,700	7,479	13,271
Number of working proprietors	15	26	41	10		42	118	251	111	33
PROFIT AND LOSS DATA (Items Expressed as Percentages of Net Sales)										
Gross margin	28.0	26.5	24.9	24.1		28.6	27.7	27.6	28.0	26.0
Operating expenses:										
Employees' salaries and wages ...	2.4	4.1	5.7	6.7		4.0	5.2	6.7	7.8	7.6
Advertising	0.1	0.2	0.4	0.8		0.4	0.5	0.5	0.8	1.4
Store supplies	1.3	0.8	1.1	0.8		0.9	0.8	0.8	0.8	0.7
Bad debts	0.1	0.1	0.1	0.4		0.2	0.1	0.1	0.2	0.1
Taxes and insurance	2.6	1.8	1.2	0.9		1.0	0.7	0.7	0.7	0.4
Rent	-	-	-	-		5.6	3.5	3.0	2.6	2.0
Light, heat, and power	2.1	1.3	0.9	0.8		1.3	0.8	0.7	0.5	0.5
Repairs and maintenance	2.0	1.4	0.6	1.1		0.7	0.7	0.4	0.4	0.5
Depreciation	1.6	1.0	0.9	0.6		0.4	0.4	0.4	0.4	0.3
All other expenses	2.7	3.1	3.5	2.7		1.8	2.4	3.1	3.2	2.8
Total operating expenses	14.9	13.8	14.4	14.8		16.3	15.1	16.4	17.4	16.3
Net profits before deduction of proprietors' salaries and income tax	13.1	12.7	10.5	9.3		12.3	12.6	11.2	10.6	9.7

Table E.--Women's Ready-to-Wear Stores -- Operating Results of Incorporated and Unincorporated Rented Stores Compared, Canada, 1946

Item	Incorporated Stores				Unincorporated Stores			
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and Over		\$20,000- \$49,999	\$50,000- \$99,999	\$100,000- and Over	
Number of stores reporting	29	38	43		228	99	25	
Average net sales per store	41,371	76,263	175,208		32,996	70,419	137,507	
Average cost of goods sold, per store ..	28,419	53,119	123,690		23,879	50,725	101,774	
Average inventory beginning of year ...	5,917	11,735	19,234		5,201	9,118	12,938	
Average inventory end of year	7,169	14,989	21,943		6,538	11,556	14,927	
Stock turnover (times per year)	4.3	4.0	6.1		4.1	5.0	7.3	
Average net profits per store	2,065	4,417	11,537		3,700	7,479	13,271	
Number of working proprietors	-	-	-		251	111	33	
PROFIT AND LOSS DATA (Items Expressed as Percentages of Net Sales)								
Gross margin	31.3	30.3	28.3		27.6	28.0	26.0	
Operating expenses:								
Employees' salaries and wages	14.7	14.6	12.3		6.7	7.8	7.6	
Advertising	0.7	1.0	1.4		0.5	0.8	1.4	
Store supplies	0.9	0.9	0.8		0.6	0.8	0.7	
Bad debts	0.1	0.1	0.2		0.1	0.2	0.1	
Taxes and insurance	0.9	0.9	0.7		0.7	0.7	0.4	
Rent	4.1	3.5	2.5		3.0	2.6	2.0	
Light, heat, and power	0.7	0.6	0.4		0.7	0.5	0.5	
Repairs and maintenance	0.5	0.5	0.5		0.4	0.4	0.3	
Depreciation	0.4	0.4	0.4		0.4	0.4	0.3	
All other expenses	3.3	2.6	2.5		3.1	3.2	2.8	
Total operating expenses	26.3	24.5	21.7		16.4	17.4	16.3	
Net profits before income tax (a)	5.0	5.8	6.6		11.2	10.6	9.7	

(a) For unincorporated stores this ratio includes proprietors' salaries.

3. FAMILY CLOTHING STORES

These stores, as implied by the name, sell a general line of men's, women's, and children's clothing and furnishings. Other goods which may be sold are notions, piece goods, house furnishings etc., but these must not form a large part of the business.

Satisfactory reports were received from 469 unincorporated stores, from which average results were compiled for five size-of-business groups. Reports were likewise received from 50 incorporated firms which did not warrant a size distribution. Results for these are shown in total only, in Table 3, page 11).

Trends by Size of Business (Table 9, page 26)

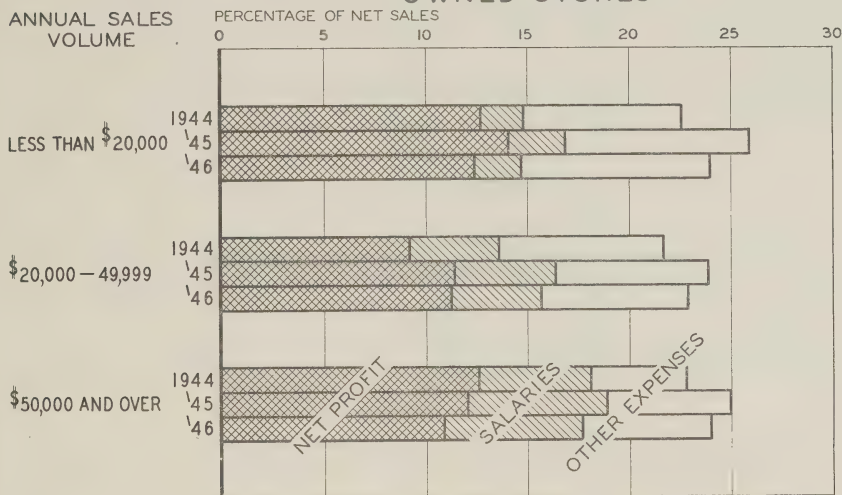
Gross margin ratios for the different size categories followed an irregular trend. Average net profit ratios decreased from 16.9 per cent in the smallest size store to 9.7 per cent in the largest. The large increase in ratio of total expense reflected the trend of salaries which ranged from 0.6 per cent to 7.8 per cent of net sales-increasing with business volume.

More stock was held at the end of the year than at the beginning in each size and occupancy class. The rate of stock turnover increased from 1.6 times in rented stores of the smallest sales volume group to 4.4 times in the largest group. Net profits expressed in dollar value, rose from \$1,093 in the smallest store to \$21,273 in the largest.

OPERATING RESULTS OF FAMILY CLOTHING STORES

GROSS MARGIN = NET PROFIT + SALARIES + OTHER EXPENSES

OWNED STORES



RENTED STORES

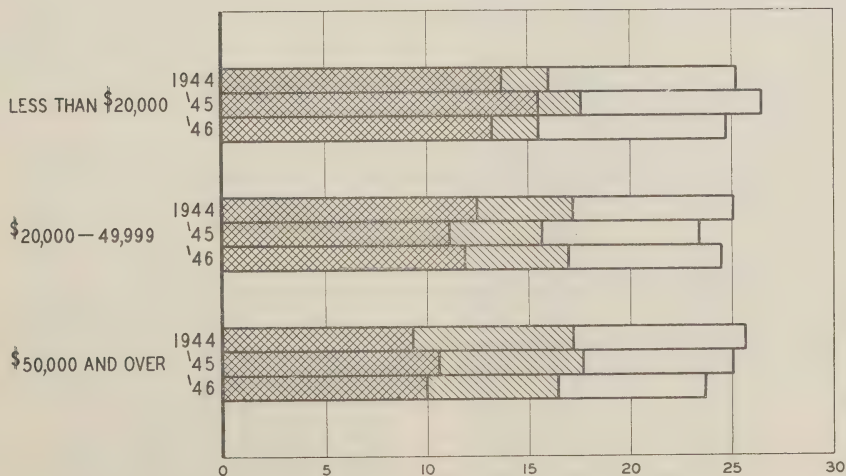


Table 9.--Family Clothing Stores -- Operating Results of Unincorporated Retail Stores Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1946

Item	OWNED STORES					RENTED STORES				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	16	27	68	33	19	17	52	122	80	35
Average net sales per store	6,939	15,254	32,365	68,374	211,064	7,087	15,188	32,606	67,802	172,804
Average cost of goods sold, per store	5,083	11,704	24,956	52,522	159,501	5,071	11,518	24,652	52,241	130,821
Average inventory beginning of year	2,228	5,189	9,225	15,898	34,707	2,991	4,923	8,001	16,385	26,572
Average inventory end of year ..	2,485	5,881	11,012	18,962	46,118	3,248	5,531	9,559	19,731	32,592
Stock turnover (times per year) ...	2.2	2.1	2.5	3.0	3.9	1.6	2.2	2.8	2.9	4.4
Average net profits per store	1,177	1,712	3,655	8,355	21,273	1,093	1,950	3,867	7,002	16,809
Number of working proprietors	21	28	75	45	33	18	57	137	112	57
PROFIT AND LOSS DATA (Items Expressed as Percentages of Net Sales)										
Gross margin	26.7	23.3	22.9	23.2	24.4	28.4	24.2	24.5	23.0	24.3
Operating expenses:										
Employees' salaries and wages ...	0.6	2.8	4.4	5.0	7.8	2.2	2.3	5.1	5.3	7.6
Advertising	0.1	0.2	0.3	0.4	0.9	0.2	0.3	0.3	0.5	0.8
Store supplies	1.6	0.9	0.7	0.6	0.5	1.1	0.7	0.9	0.7	0.7
Bad debts	0.2	(a)	0.3	0.1	0.1	0.1	0.3	0.1	0.1	0.3
Taxes and insurance	1.6	1.5	1.2	0.9	1.0	1.4	0.9	0.8	0.7	0.6
Rent	-	-	-	-	-	4.2	2.5	2.1	1.8	1.4
Light, heat, and power	1.6	1.2	0.9	0.6	0.5	1.5	1.0	0.7	0.6	0.4
Repairs and Maintenance	0.8	1.4	1.0	0.7	0.4	0.3	0.5	0.4	0.4	0.5
Depreciation	1.2	1.0	0.7	0.5	0.7	0.2	0.3	0.3	0.3	0.3
All other expenses	2.1	3.1	2.1	2.2	2.4	1.8	2.5	1.9	2.3	2.0
Total operating expenses	9.8	12.1	11.6	11.0	14.3	13.0	11.3	12.6	12.7	14.6
Net profits before deduction of proprietors' salaries and income tax	16.9	11.2	11.3	12.2	10.1	15.4	12.9	11.9	10.3	9.7
(a) Less than 0.05 per cent.										

(a) Less than 0.05 per cent.

4. FAMILY SHOE STORES

Family shoe stores exclude specialized stores selling only ladies' or men's shoes. While other merchandise, such as luggage and other leather goods, may be sold, footwear forms the bulk of the business.

A total of 302 suitable reports were received from unincorporated stores. When classified by amount of annual net sales, there were too few in the owned class with sales of \$100,000 or over to permit publication of results. Average results of incorporated firms are shown for three size ranges in the rented occupancy class.

Trends by Size of Business (See Table 10, page 29)

In both owned and rented unincorporated stores, the ratio of gross margin to net sales declined from the smallest size class to the middle range, then followed an upward trend to the largest size group. Net profit ratios followed a similar trend although not as pronounced. Individual expense items which increased in proportion with volume of net sales were salaries and wages paid to employees, and advertising. Occupancy expense items declined in ratio with sales expansion while the other items showed little change.

Each size and occupancy group averaged a greater dollar value of stocks held at the end of the year than at the beginning. The rate of stock turnover ranged from 1.4 to 4.1 times per year, increasing consistently with volume of business.

The average dollar value of net profits per store rose from \$1,230 in stores with sales of less than \$10,000 to \$17,805 in stores whose sales were over \$100,000.

Unincorporated and Incorporated Stores Compared (See Table 11, page 30)

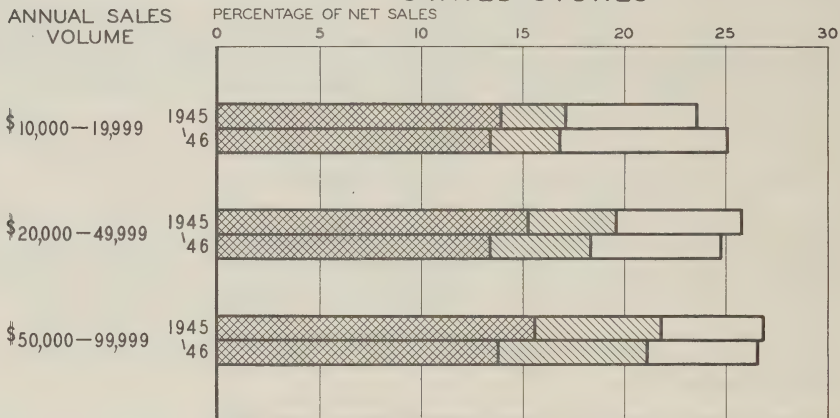
Aside from the differences between salaries and net profits, which have been explained earlier in the report, the main difference lies in gross margin. In each size class of rented stores shown, incorporated firms derived greater gross margins than unincorporated. They also paid a larger ratio for rent.

Gross margin ratios for the size ranges shown increased in both types of store as volume of business expanded. Net profit ratios of incorporated stores followed a similar trend while those for unincorporated stores were irregular. Both types carried larger dollar value inventories at the end of the year than at the beginning, with incorporated stores selling and replacing their stock more often than unincorporated stores.

OPERATING RESULTS OF FAMILY SHOE STORES

GROSS MARGIN = NET PROFIT + SALARIES + OTHER EXPENSES

OWNED STORES



RENTED STORES

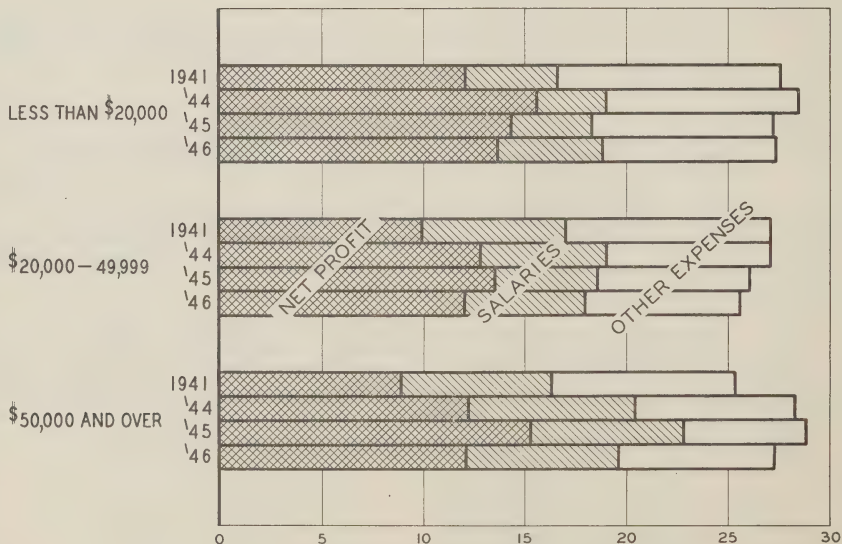


Table 1C.--Family Shoe Stores -- Operating Results of Unincorporated Retail Stores Classified According to Amount of Annual Sales and Occupancy Basis, Current, 1946

Item	OWNED STORES				RENTED STORES			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 and over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 and over
Number of stores reporting	9	13	30	15	11	36	104	61
Average net sales per store	7,897	14,692	30,520	68,860	7,367	15,562	32,545	67,317
Average cost of goods sold, per store	5,617	11,001	22,969	50,525	5,044	11,169	24,212	49,685
Average inventory beginning of year	3,832	5,412	8,089	15,515	3,298	5,978	8,785	13,017
Average inventory end of year	3,866	6,252	9,413	17,985	3,657	6,732	10,912	16,184
Stock turnover (times per year)	1.6	1.9	2.6	3.1	1.4	1.8	2.5	3.4
Average net profits per store ...	1,230	1,972	4,078	9,514	1,452	1,967	3,904	7,807
Number of working proprietors	9	13	36	18	12	43	119	80

PROFIT AND LOSS DATA
(Items Expressed as Percentages of Net Sales)

	28.9	25.1	24.6	26.6	31.5	26.6	23.6	26.2	29.3
Gross margin	28.9	25.1	24.6	26.6	31.5	26.6	23.6	26.2	29.3
Operating expenses:									
Employees' salaries and wages ..	1.6	3.4	4.9	7.3	1.9	5.5	5.9	7.1	8.3
Advertising	0.5	0.8	0.6	0.7	0.3	0.4	0.6	0.8	1.2
Store supplies	0.9	0.5	0.5	0.3	0.4	0.6	0.6	0.6	0.9
Bad debts	0.5	0.1	0.1	(a)	0.1	0.2	0.1	(a)	(a)
Taxes and insurance	2.6	1.6	1.5	1.1	0.9	0.5	0.7	0.7	0.5
Rent	-	-	-	-	4.4	3.3	2.5	2.6	2.3
Light, heat, and power	2.3	1.2	0.7	0.5	1.7	1.0	0.6	0.4	0.4
Repairs and maintenance	1.8	0.5	0.6	0.4	0.4	0.3	0.5	0.4	0.6
Depreciation	1.7	1.3	0.6	0.6	0.2	0.3	0.3	0.5	0.4
All other expenses	1.2	2.3	2.1	1.7	1.5	1.6	1.8	1.7	1.7
Total operating expenses	13.3	11.7	11.4	12.8	11.8	13.9	13.6	14.6	16.3
Net profits before deduction of proprietors' salaries and income tax	15.6	13.4	13.4	13.8	19.7	12.9	12.0	11.6	13.0

(a) Less than 0.05 per cent.

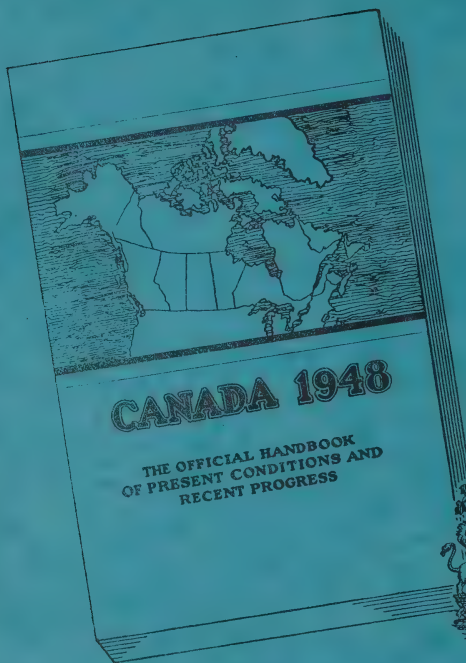
Table 11.--Family Shoe Stores - Operating Results of Incorporated and Unincorporated Rented Stores Compared, Canada, 1946

Item	Incorporated Stores			Unincorporated Stores		
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and Over	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and Over
Number of stores reporting	8	17	11	104	61	17
Average net sales per store	38,228	69,788	179,922	32,545	67,317	136,846
Average cost of goods sold, per store ..	28,006	49,347	118,668	24,212	49,685	96,759
Average inventory beginning of year ...	6,559	12,909	22,298	8,785	13,017	21,226
Average inventory end of year	10,503	17,395	27,025	10,912	16,184	28,412
Stock turnover (times per year)	3.2	3.5	4.8	2.5	3.4	4.1
Average net profits per store	2,078	4,825	16,953	3,903	7,807	17,805
Number of working proprietors	-	-	-	119	80	25
PROFIT AND LOSS DATA (Items Expressed as Percentages of Net Sales)						
Gross margin	26.7	29.5	34.0	25.6	26.2	29.3
Operating expenses:						
Employees' salaries and wages	13.6	14.2	14.8	5.9	7.1	8.3
Advertising	C.7	1.1	1.3	0.6	0.8	1.2
Store supplies	0.7	0.6	0.5	0.6	0.6	0.9
Bad debts	(a)	(a)	(a)	0.1	(a)	(a)
Taxes and insurance	0.8	0.6	0.4	0.7	0.7	0.5
Rent	3.5	3.1	4.4	2.5	2.6	2.3
Light, heat, and power	0.5	0.5	0.4	0.6	0.4	0.4
Repairs and maintenance	0.2	0.3	0.3	0.5	0.4	0.6
Depreciation	0.2	0.3	0.2	0.3	0.3	0.4
All other expenses	1.3	1.7	1.8	1.8	1.7	1.7
Total operating expenses	21.3	22.4	24.6	13.6	14.6	16.3
Net profit before income tax (b)	5.4	6.9	9.4	12.0	11.6	13.0

(a) Less than 0.05 per cent.

(b) For unincorporated stores this ratio includes proprietors' salaries.





DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
OTTAWA

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CANADA 1948

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OPERATING RESULTS

AND

FINANCIAL STRUCTURE

RETAIL CLOTHING STORES

1948



DOMINION BUREAU OF STATISTICS
DEPARTMENT OF TRADE AND COMMERCE

Published by Authority of the Rt. Hon. C. D. Howe
Minister of Trade and Commerce

Prepared in the Merchandising and Services Section
of the Industry and Merchandising Division,
Dominion Bureau of Statistics, Ottawa

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FACSIMILE OF SCHEDULE

4. PROFIT AND LOSS STATEMENT
MERCHANDISING STATEMENT

DOLLARS OMIT CENTS

1. TOTAL NET SALES OR RECEIPTS (INCLUDE ALL MERCHANDISE LESS ALLOWANCES; INCLUDE VALUE OF GOODS SOLD ON A COMMISSION BASIS, MEALS SOLD OR CONSUMED, SERVICE RECEIPTS, AND PROPRIETORS' WITHDRAWALS OF GOODS FOR THEIR OWN USE AT RETAIL PRICES) (DO NOT INCLUDE DIRECT SALES TAXES AND NON-TRADING REVENUES, SUCH AS RECEIPTS, DIVIDENDS, RENT, BAD DEBTS RECOVERED, ETC.)
2. INVENTORY OF MERCHANDISE FOR RESALE BEGINNING OF YEAR.
(EXCLUDE STORE SUPPLIES ON HAND)
3. MERCHANDISE PURCHASED FOR RESALE AT INVOICED VALUE, LESS RETURNS, ALLOWANCES, CASH AND TRADE DISCOUNTS, (INCLUDE DUTY, INWARD FREIGHT, EXPRESS AND TRUCKAGE. EXCLUDE STORE SUPPLIES SHOWN UNDER ITEM 18.)
4. TOTAL, BEGINNING INVENTORY AND MERCHANDISE PURCHASED
(ADD ITEMS 2 AND 3)
5. INVENTORY OF MERCHANDISE FOR RESALE, END OF YEAR.
(EXCLUDE STORE SUPPLIES ON HAND)
6. COST OF MERCHANDISE SOLD
(SUBTRACT ITEM 5 FROM ITEM 4)
7. GROSS TRADING PROFIT OR MARGIN
(SUBTRACT ITEM 6 FROM ITEM 3)

EXPENSE STATEMENT

DOLLARS OMIT CENTS

8. SALARIES, WAGES AND COMMISSIONS PAID TO ALL EMPLOYEES, EXCEPT DELIVERY (REPORT FULL AMOUNT BEFORE PAYROLL DEDUCTIONS. DO NOT INCLUDE WITHDRAWALS BY PROPRIETORS OR PARTNERS OF UNINCORPORATED BUSINESS.)
9. TAXES (INCLUDE BUSINESS, PROPERTY AND WATER TAXES, AND LICENCES. DO NOT INCLUDE INCOME TAX AND DIRECT TAXES COLLECTED BY THE STORE FOR THE GOVERNMENT)
10. INSURANCE (INSURANCE PREMIUMS APPLICABLE TO YEAR REFER TO ALL TYPES CARRIED FOR PROTECTION OF THE BUSINESS.)
11. RENTALS FOR PREMISES USED IN BUSINESS.
12. HEAT, LIGHT AND POWER USED IN YEAR.
13. DELIVERY EQUIPMENT EXPENSE

(a) OWN	SALARIES	
	REPAIRS AND MAINTENANCE	
	DEPRECIATION, LICENCES AND INSURANCE	
(b)	SUPPLIES USED (GAS, OIL, GREASE)	
	TOTAL AMOUNT PAID FOR CONTRACT DELIVERY	
	TOTAL DELIVERY EXPENSE	
14. REPAIRS AND MAINTENANCE
(EXCLUDE CAPITAL EXPENDITURES)
15. DEPRECIATION ALLOWANCES (PLEASE SEE FOOTNOTE ON PAGE 1.)
IF YOUR FIXED STORE ASSETS HAVE BEEN ENTIRELY DEPRECIATED, ENTER "NIL."
16. STORE SUPPLIES (WRAPPING PAPER, TWINE, OFFICE SUPPLIES, ETC.)
17. ADVERTISING
18. LOSS ON BAD DEBTS DURING THE YEAR

	AMOUNT WRITTEN OFF DURING YEAR	
	LESS AMOUNT RECOVERED	
	TOTAL NET LOSS ON BAD DEBTS	
19. ALL OTHER EXPENSES (TELEPHONE, TELEGRAPH, POSTAGE, BANK CHARGES, INTEREST ON BORROWED MONEY USED IN THE BUSINESS, LEGAL, AUDIT FEES, ETC.) (DO NOT INCLUDE CAPITAL EXPENDITURE OR PROPRIETORS' OR PARTNERS' SALARIES OR WITHDRAWALS.)
20. TOTAL OPERATING EXPENSES
(ADD ITEMS 8 TO 19 INCLUSIVE)

NET TRADING PROFIT

DOLLARS OMIT CENTS

21. NET TRADING PROFIT BEFORE DEDUCTIONS OF PROPRIETORS' OR PARTNERS' SALARIES OR WITHDRAWALS AND BEFORE INCOME TAXES

5. WORKING PROPRIETORS, PARTNERS AND PAID EMPLOYEES

A WORKING PROPRIETOR HAS BOTH AN OWNERSHIP INTEREST IN THE BUSINESS AND SPENDS PART OR ALL OF HIS OR HER TIME IN ITS MANAGEMENT.
NOTE: EMPLOYEES WORKING FOR ONLY PART OF THE REGULAR AND NORMAL PAY PERIOD ARE PART-TIME EMPLOYEES. IF BUSINESS IS INCORPORATED, WORKING EXECUTIVES AND OFFICIALS SHOULD BE INCLUDED IN SECTION 4, ITEM 8.

1. TOTAL SALARIES OR WITHDRAWALS OF PROPRIETORS OR PARTNERS IN 1948

FULL-TIME EMPLOYEES

2. WHAT WAS THE AVERAGE NUMBER OF PAID EMPLOYEES IN 1948?

PART-TIME EMPLOYEES

6. BALANCE SHEET FOR YEAR 1948

DOLLARS OMIT CENTS

	CASH ON HAND OR IN BANK	
	(A) ACCOUNTS AND NOTES RECEIVABLE	
	(B) RESERVE FOR DOUBTFUL ACCOUNTS	
CURRENT ASSETS	TOTAL ACCOUNTS RECEIVABLE (PER BALANCE SHEET) (A LESS B)	
	MERCHANDISE INVENTORIES	
	OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.)	
	(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT	
FIXED ASSETS	(B) RESERVE FOR DEPRECIATION	
	TOTAL FIXED ASSETS (A LESS B)	
OTHER ASSETS	GOODWILL, DEFERRED CHARGES, SINKING FUNDS	
	TOTAL ASSETS	

LIABILITIES	CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE	
	OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME	
	CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHAREHOLDERS' EQUITY)	
NET WORTH	SURPLUS ACCOUNT	
	TOTAL LIABILITIES AND NET WORTH	

BALANCE SHEET FOR YEAR 1947

DOLLARS OMIT CENTS

	CASH ON HAND OR IN BANK	
	(A) ACCOUNTS AND NOTES RECEIVABLE	
	(B) RESERVE FOR DOUBTFUL ACCOUNTS	
CURRENT ASSETS	TOTAL ACCOUNTS RECEIVABLE (PER BALANCE SHEET) (A LESS B)	
	MERCHANDISE INVENTORIES	
	OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.)	
	(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT	
FIXED ASSETS	(B) RESERVE FOR DEPRECIATION	
	TOTAL FIXED ASSETS (A LESS B)	
OTHER ASSETS	GOODWILL, DEFERRED CHARGES, SINKING FUNDS	
	TOTAL ASSETS	

LIABILITIES	CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE	
	OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME	
	CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHAREHOLDERS' EQUITY)	
NET WORTH	SURPLUS ACCOUNT	
	TOTAL LIABILITIES AND NET WORTH	

7. ANNUAL SALES TRENDS

DOLLARS OMIT CENTS

IN ORDER TO PROVIDE COMPARABLE FIGURES FROM YEAR TO YEAR, PLEASE STATE YOUR TOTAL SALES (SALES FOR 1948 SHOULD AGREE WITH AMOUNT GIVEN IN SECTION 4, ITEM 1).	TOTAL SALES FOR 1948	
	TOTAL SALES FOR 1947	

THE INFORMATION GIVEN ON THIS SCHEDULE IS CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE.

NAME OF FIRM

DATE OF REPORT

SIGNATURE

PERIOD COVERED FROM

TO

DEFINITIONS

PROFIT AND LOSS

NET SALES represent the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

GROSS PROFIT is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting the ending inventory.

OPERATING EXPENSES are the amounts paid out for any and all expenses incurred in the operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) - paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are included in Net Profit (in independent store operations).

Taxes and Insurance - business, property and water taxes, and insurance premiums carried for the protection of the business. Income taxes and other taxes collected for remittance to governmental bodies are not included.

Rentals - monies paid for premises used only in the business.

Heat, light and power expenses - amount paid for these used during the year.

Delivery expense - includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

Repairs and maintenance - incurred for the purposes of keeping fixed store assets⁴ operating efficiently (excludes capital expenditure).

Depreciation - allowances to cover decreases in the value of fixed store assets.

Store supplies - used in the business during the year - wrapping paper, office supplies.

Advertising

Loss on bad debts - during the year - amount written off less old debts recovered.

Other expenses - telephone, telegraph, postage, bank charges, legal fees, collection and auditing fees, etc.

NET PROFIT is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals.

STOCK TURNOVER is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise sold.

BALANCE SHEET

ASSETS

Cash on hand - or in the bank represents the amount of cash at the end of the year.

Net accounts receivable - are all notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventories - represents the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets includes assets which may be converted into cash, if necessary, within a reasonably short time, such as prepaid insurance, office and store supplies, Dominion of Canada Bonds.

Fixed assets (net) - is the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation.

Other assets - include deferred charges - items of expenditure from which future benefits are expected - intangibles such as goodwill, investments of a permanent nature not readily converted into cash.

LIABILITIES AND NET WORTH

Current liabilities - are obligations which must be paid in the near future and represent accounts receivable or any item that may be considered as a direct lien against current assets.

Other liabilities - (includes fixed liabilities) - mortgages, mortgage bonds and long-term notes, accrued expenses such as taxes or rent due but not yet paid, and prepaid or deferred income - money received in advance for which goods or services have not yet been given.

Capital stock - as applicable to incorporated companies represents the investment account of the stockholder in the capital shares of the corporation and does not exceed the amount authorized.

Surplus - as applicable to corporations includes earned surplus from operating profits, capital surplus, from premiums received on the sale of capital stock, and surplus reserves.

Net worth - is the difference between total assets and total liabilities and represents owners' equity in the business. This is composed of capital stock and surplus.

Note: In unincorporated firms capital and surplus are not shown separately because the majority of reports from these firms did not separate surplus from capital. For practical purposes, then, net worth represents the capital of unincorporated businesses.

LIST OF ALLIED PUBLICATIONSANNUAL:

- Food Chains in Canada
- Variety Chains in Canada
- Drug Chains in Canada
- Retail Chains in Canada
- Retail Trade

QUARTERLY:

- Retail Consumer Credit

MONTHLY:

- Department Store Sales and Inventories
- Retail Trade
- Wholesale Trade

SPECIAL:

- Operating Results Series
 - Independent Stores - 5 bulletins,
20 trades (1948 survey includes
Balance Sheet data)
 - Wholesalers - 3 bulletins,
10 trades
 - Chain Stores - 3 bulletins,
10 trades

The above publications may be obtained by writing to the
Dominion Bureau of Statistics, Ottawa

OPERATING RESULTS AND FINANCIAL STRUCTURE

RETAIL CLOTHING STORES, 1948

INTRODUCTION

This report, presenting the operating results of independent retail clothing stores 1948, continues the series of bulletins published in 1944, 1945 and 1946. The survey is based upon operating statements contributed by a sample of firms throughout the country. The four trades covered are men's clothing stores, women's clothing stores, family clothing stores and family shoe stores.

An important addition to the 1948 studies may be found in the analysis of Balance Sheet data for the responding firms. Previous bulletins have been prepared for the purpose of presenting average expense and profit ratios on the year's operations which might be used by merchants as a comparison to their own individual results. In addition, this bulletin provides information on the financial position of the various trades by size and occupancy groups. From this additional information, many useful ratios are made available such as those between balance sheet items, known as static ratios and those obtained by relating the operating figures, known as velocity ratios.

These studies do not attempt to deal with methods of operation or their possible improvement but present operating and financial statement 'averages' for independent retail trades by size and occupancy classes. No regional analysis has been made, the sample of responding firms having been designed to produce national averages.

Throughout this bulletin a distinction has been made between unincorporated and incorporated businesses. In the profit and loss section, the salaries figure for incorporated firms includes amounts paid to executives while for unincorporated stores, proprietors' withdrawals remained a part of net profit. In the balance sheet section, segregation of capital stock and the surplus account was possible for incorporated firms but the majority of unincorporated firms reported the two items as one amount - capital. Chain stores are dealt with in a separate survey, alternated each year with the studies on independent stores.

USE OF OPERATING AND FINANCIAL RATIOS

To make the best use of the ratios in this report an orderly system of bookkeeping is essential. Reference should also be made to the list of definitions provided on pages 4 and 5 of this bulletin. A brief commentary on what may be derived from this study can best be divided between the Profit and Loss Statement and the Balance Sheet.

PROFIT AND LOSS

Every year the retail merchant should review his operations and make plans for improvement in certain phases of his activities or effect economies in others. Some of the important questions may well be:

- what is an adequate profit for his line of business;
- what amount of inventory should be carried and how many times a year should it be turned over;
- what proportion of sales should be paid out in wages to employees in proportion to his size of business;
- what part of sales should be spent on other operating expenses?

This bulletin presents 'average' results for comparison and covers all major profit and expense items which are expressed as percentages of net sales. For each trade this information has been broken down, when there were sufficient responding firms, into five sales-size classes for owned and rented stores.

Although a question was asked concerning delivery, it was of minimum importance in clothing stores and has been included with 'all other' expenses in the 'profit and loss' results.

BALANCE SHEET

The financial effects of changes in operating plans and policies may be observed by comparison of balance sheets for succeeding years. As this is the first study made by this Bureau on Balance Sheet data we can present only the item averages as they stood at the end of 1948. These averages and ratios, however, should be of considerable value as an indication of what a merchant's own financial position might be. Where possible, a division has been made by age of business within size and occupancy groups. An analysis of financial statements should produce the following information.

1. Ability to meet current and long-term obligations.
2. Owners' net worth or equity in the business.
3. Potential productivity of the business.

Important ratios from the Balance Sheet are:

1. Current assets to current liabilities often called the current ratio. This ratio indicates the ability of the business to meet its current obligations out of current assets. Its changes indicate whether a business is gaining or losing working capital.
2. Current assets to fixed assets: Fixed assets should not be expanded at the expense of current assets needed for operating expenses and inventory purchases. Changes in this ratio may indicate any tendency toward over-investment in fixed assets.
3. Net quick assets to net worth: The ratio of net quick assets (current assets minus current liabilities - also called working capital) to net worth discloses how much of proprietors' capital or net worth is in the form of quickly convertible assets free from current obligation.
4. Liabilities to Net Worth shows the relationship between total debt and owned capital. This ratio may fluctuate because of seasonal buying with higher liabilities while net worth remained uniform.

Other ratios of interest to particular business men may be calculated from figures in this report. A division between capital and surplus was not feasible for businesses of individual ownership or partnerships. Misinterpretation of some of the items on the questionnaire by contributing firms undoubtedly has resulted in a certain amount of error in some of the averages shown.

VELOCITY RATIOS. These are ratios between profit and loss and balance sheet items.

1. Cost of merchandise sold to inventories is a fairly uniform ratio and is a good test of efficient operations. A decrease in this ratio will indicate an overstocked condition. Because beginning and year-end inventories are shown in the profit and loss statement this ratio or rate of stock turnover is calculated from the average of these two inventories and is shown with the profit and loss tables in this bulletin.

2. Sales to net worth, or in the case of incorporated firms to owned capital, determines the relative use of capital in conducting business. After a certain ratio has been established as to the amount of capital necessary to do a business of a given volume of sales, any fluctuation will indicate to what extent capital is being accumulated beyond profitable investment.

3. The ratio of sales to fixed assets measures the relationship between sales and the investment in fixed assets to produce such sales. This ratio is of lesser significance in the rented class where there is only a small investment in equipment. Fluctuation in prices must be considered in comparing this ratio over any long period, because fixed assets are not re-valued as prices of goods sold increase or decrease.

4. Net profit to net worth ratio shows the relationship between net profit and the proprietors' equity in the business.

Other velocity ratios may be calculated, one of which is accounts receivable to sales. This ratio is of value only where the amount of credit sales is known. This study did not ask for this information, but these figures are obtainable from the quarterly series "Retail Consumer Credit" already published by the Merchandising and Services Section of the Dominion Bureau of Statistics. Cash and credit sales, and accounts receivable subdivided into instalment and charge accounts are published in the form of indexes for 16 trades. Basic data to make comparisons may be taken from the tabulations of the 1941 Census of Merchandising and Services Establishments. Newfoundland was not included in the sample used for this study.

* * * * *

Acknowledgment

Assistance and guidance from the CANADIAN RETAIL FEDERATION throughout this survey is gratefully acknowledged.

COMPARISON OF MAIN ITEMS BY TRADES.

This comparison deals mainly with unincorporated firms. Because information on incorporated businesses was not available for years prior to 1945 comparison with previous years is not possible. Both incorporated and unincorporated results are shown in comparisons of 1948 operating expenses by trades, in following sections.

GROSS AND NET PROFIT (Unincorporated)

The four retail clothing trades operated on quite similar gross and net profits in 1948. Gross profits ranged from 23.4 per cent of net sales in family clothing stores to 26.6 per cent in shoe stores. Net profit ratios including proprietors' salaries and income tax, fell between 10.0 per cent in family clothing stores and 11.9 per cent in men's clothing stores. These ratios were consistently lower than those of 1944, 1945 and 1946. The 1938 survey included incorporated companies for which salaries were excluded from net profit, which accounts in part for the lower ratio of net profit in that year.

GROSS PROFITS AND NET PROFITS OF UNINCORPORATED RETAIL CLOTHING STORES 1938, 1941, 1944-1946, 1948

Year	MEN'S CLOTHING		WOMEN'S CLOTHING		FAMILY CLOTHING		SHOE STORES	
	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit
1938 .	28.7	7.0	29.7	4.6	27.1	4.4	29.8	6.6
1941 .	27.7	15.3	27.5	9.4	(not available)		26.3	9.3
1944 .	27.2	12.3	27.9	11.8	24.3	11.1	27.6	12.6
1945 .	27.5	13.5	27.7	11.5	24.8	11.5	27.3	13.9
1946 .	26.9	13.7	27.1	10.9	23.8	10.7	26.8	12.5
1948 .	25.9	11.9	25.8	10.4	23.4	10.0	26.6	11.5

Note - Net profit is before deduction of proprietors' salaries and income tax.

AVERAGE SALES, INVENTORIES AND STOCK TURNOVER (Unincorporated)

Of the apparel group, men's clothing stores have shown the greatest advance in average sales per store since 1946 and since 1938 have doubled their dollar volume of business. They also maintained the greatest dollar volume of stock while women's clothing stores held the smallest.

Women's clothing stores sold and replaced their stock 4.6 times in 1948, men's and family clothing 2.7 times and shoe stores 2.2 times. This rate of stock turnover was considerably slower than that of previous years except in women's clothing stores. A greater demand for available goods in 1946 together with a much greater dollar volume of stock on hand in 1948 has, no doubt, been the cause of this drop in rate of stock turn.

AVERAGE SALES, INVENTORIES AND STOCK TURNOVER OF UNINCORPORATED RETAIL CLOTHING STORES - 1938, 1941, 1944-1946, 1948

Year	Sales	Beginning Inventory	Ending Inventory	Stock Turn-over (x)	Sales	Beginning Inventory	Ending Inventory	Stock Turn-over (x)
	MEN'S CLOTHING				WOMEN'S CLOTHING			
	\$	\$	\$		\$	\$	\$	
1938 .	33,819	12,593	12,798	1.9	37,094	6,913	7,083	3.7
1941 .	38,287	12,481	13,942	2.1	29,707	4,998	5,624	4.1
1944 .	45,205	13,168	11,592	2.7	31,108	4,827	4,840	4.6
1945 .	51,904	11,342	10,131	3.5	36,618	5,304	5,617	4.8
1946 .	57,537	9,899	13,205	3.6	38,705	5,543	6,836	4.6
1948 .	68,623	17,940	20,167	2.7	51,868	7,758	9,176	4.6
	FAMILY CLOTHING				SHOE STORES			
1938 .	36,165	14,760	14,539	1.8	33,711	13,584	13,765	1.7
1941 .		(not available)			34,398	11,616	13,015	2.1
1944 .	45,667	11,398	12,014	3.0	41,328	10,443	10,525	2.9
1945 .	49,709	12,160	12,104	3.1	41,621	10,169	9,978	3.0
1946 .	54,053	11,750	14,238	3.2	44,867	10,174	12,317	2.9
1948 .	62,539	16,755	18,765	2.7	49,444	15,932	16,946	2.2

(x) Times per year.

AVERAGE OPERATING EXPENSES

The largest single item of expense in the retail clothing trades was that of salaries and wages. In unincorporated stores this item, excluding proprietors' salaries, ranged from 6.00 per cent in family clothing stores to 7.03 per cent of sales in shoe stores. Incorporated firms paid from 14.44 per cent in shoe stores to 12.66 per cent in men's clothing stores for salaries and wages, including all executive salaries.

Occupancy costs were shown to be higher in incorporated firms than in unincorporated. Shoe stores in the incorporated group and women's clothing shops in the unincorporated group reported highest occupancy ratios. In both types of organization, family clothing stores paid out the smallest proportion of net sales as occupancy cost. Incorporated stores spent considerably more for advertising than did unincorporated, the largest proportion being spent by shoe stores - 2.00 per cent.

OPERATING EXPENSES OF UNINCORPORATED RETAIL CLOTHING STORES FOR 1948

Item	Men's Clothing	Women's Clothing	Family Clothing	Shoes
Salaries	6.19	6.63	6.00	7.03
Occupancy	3.92	4.58	3.64	4.42
Store supplies .....	.50	.58	.51	.53
Advertising	1.01	.81	.77	.95
All other	2.38	2.84	2.42	2.11
Total	14.00	15.44	13.34	15.04

(Items expressed as percentage of net sales)

OPERATING EXPENSES OF INCORPORATED RETAIL CLOTHING STORES FOR 1948

Item	Men's Clothing	Women's Clothing	Family Clothing	Shoes
Salaries	12.66	13.26	12.77	14.44
Occupancy	4.64	5.02	4.35	5.56
Store supplies	0.57	0.72	0.67	0.39
Advertising	1.69	1.38	1.95	2.00
All other	2.61	2.97	3.09	2.14
Total	22.17	23.35	22.83	24.53

(Items expressed as percentage of net sales)

FINANCIAL POSITION (Unincorporated)

Owned and rented stores were separated for all balance sheet data because of the greater amount of fixed investment in owned stores. All trades showed a favourable ratio of current assets to current liabilities with shoe stores having \$3.00 or more current assets to meet every \$1 of current liability and women's clothing stores having the smallest current ratio.

All trades had at least half of their net worth in the form of working capital or current assets free from current obligation. Rented stores, with lower net worth values had higher ratios of net quick assets to net worth than did owned stores. Family clothing stores transacted more dollar volume sales per dollar of fixed asset investment in both the owned and rented groups - \$5.88 and \$44.24 respectively. The other trades ranged down to \$4.00 sales in owned and \$27.23 sales in rented stores per \$1 investment in fixed assets.

FINANCIAL AND OPERATING RATIOS OF UNINCORPORATED CLOTHING STORES COMPARED
As at December 31, 1948

Ratio	OWNED			
	Men's Clothing	Women's Clothing	Family Clothing	Shoes
Current assets to current liabilities.	2.58	2.43	2.95	3.25
Current assets to fixed assets	2.29	1.33	2.46	2.68
Net quick assets to net worth .....	.57	.51	.67	.66
Liabilities to net worth .....	.44	.57	.47	.35
Sales to net worth	2.27	2.62	2.42	1.87
Sales to fixed assets	5.34	4.00	5.88	5.29
Net profit to net worth .....	.27	.27	.23	.23

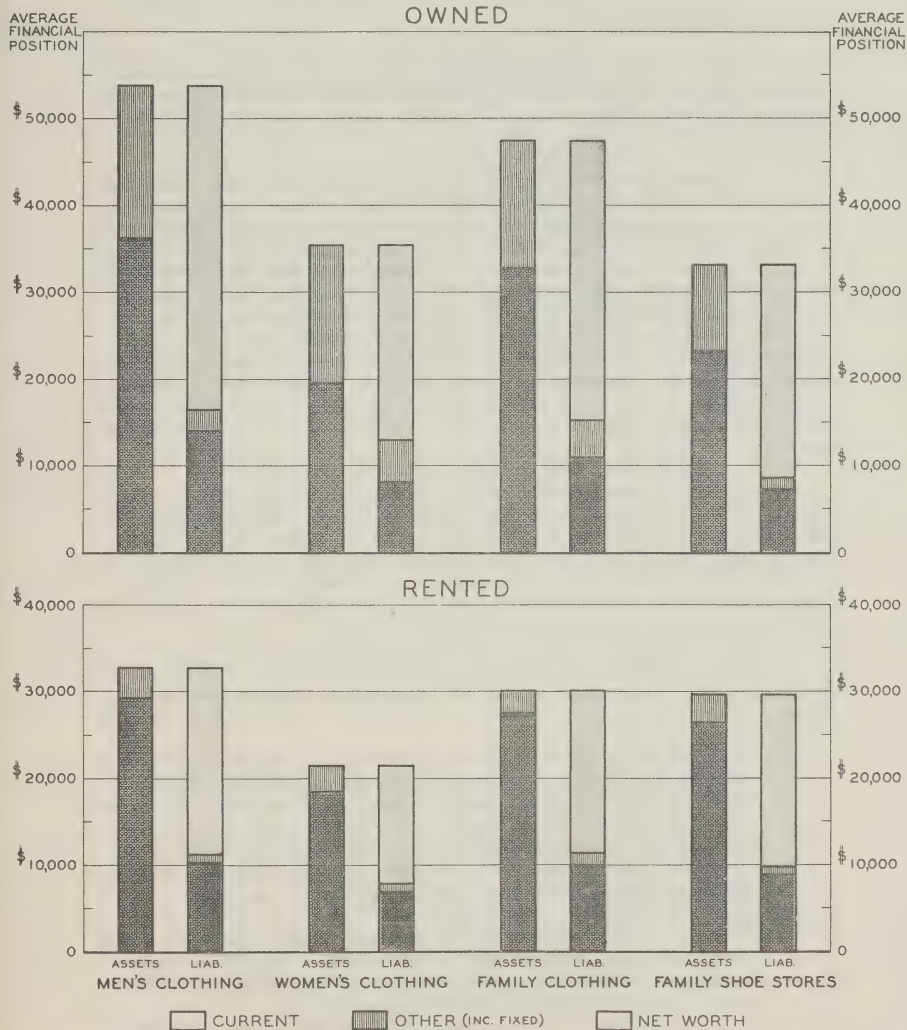
Ratio	RENTED			
	Men's Clothing	Women's Clothing	Family Clothing	Shoes
Current assets to current liabilities.	2.87	2.73	2.79	3.00
Current assets to fixed assets	12.81	10.69	18.63	11.45
Net quick assets to net worth .....	.88	.86	.90	.88
Liabilities to net worth .....	.52	.57	.58	.49
Sales to net worth	3.25	4.56	3.35	3.15
Sales to fixed assets	30.74	35.93	44.24	27.23
Net profit to net worth .....	.38	.46	.33	.25

CHART I.

COMPARISON OF FINANCIAL STRUCTURE BY TRADES

AVERAGE FINANCIAL POSITION DECEMBER 31, 1948

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



SUMMARIES, CHARTS AND TABLES BY TRADES.

1. MEN'S CLOTHING STORES

This classification consists of stores selling a general line of men's apparel and furnishings but excludes specialized furnishings stores. Other specialty stores such as hat stores and custom tailors were not included.

Reports satisfactorily completed for profit and loss data were received from 345 unincorporated firms. These were arranged into five sales-size groups and between owned and rented categories. Too few reports came within the lowest range, under \$10,000 sales, to allow publication of results. Balance sheet data were completed by a smaller number of firms and tabulated only for the three largest size classes. Sufficient rented stores reported to allow a further breakdown in the three sizes for two age groups - less than 10 years in business and 10 years and over. Firms giving no age were included in the size class total but not in either age group. Owned stores were tabulated for the three sizes but not for age. The number used in balance sheet results for the three sizes was 221.

Incorporated firms contributed 103 usable reports. Too few were received from the owned group to permit publication of results by size. Profit and loss data for 94 firms in the three largest size rented classes are shown and balance sheet results for 69 firms are presented in as much detail as possible. To obtain comparable velocity ratios, sales and net profit were tabulated for the firms reporting only balance sheet data.

The operating results for 1948 and financial position of men's clothing stores at the end of the year are summarized as follows:

1. Gross and net profits have decreased in proportion to net sales since 1946 in both incorporated and unincorporated firms. In both types, salaries and wages paid to employees have increased. Total expenses of unincorporated firms has changed little from 1945 but incorporated stores paid 22.2 per cent of net sales to meet expenses in 1948 compared to 20.5 per cent in 1945. (Table 1, page 18.)
2. In 1948 unincorporated men's clothing stores showed a trend of increasing gross profit with greater volume of business ranging from 22.92 per cent of net sales in the smallest size class to 27.22 per cent in the largest. Rented stores operated on wider margins than owned but also had greater expenses to net a profit similar to owned stores. Salaries and wages paid was the largest item of expense and increased greatly with expanding volume of sales

2. ranging from 1.54 per cent to 7.74 per cent.
(Table 2, page 20.)

3. Incorporated firms obtained greater gross profits in 1948 than did unincorporated businesses, averaging approximately 2 per cent more. A comparison of salaries between the two types of business is not possible because executive salaries of incorporated firms are included in salary expense but salaries of the proprietors of unincorporated stores are not. Operating expenses, excluding salaries, were greater in proportion to net sales for incorporated stores. For the three size groups they ranged from 9.36 per cent of sales to 10.39 per cent. The range in the unincorporated groups was from 8.40 to 8.62 per cent. Incorporated firms spent a greater proportion on advertising, rents and other occupancy costs. (Table 3, page 21.)

4. At the end of 1948 unincorporated men's clothing businesses which had been in operation for 10 years or more showed a more favourable ratio of current assets to current liabilities than did stores with less than 10 years business experience. No single class of owned or rented stores had a current ratio of less than 2. A greater proportion of net worth was available as net quick assets or working capital in the older group of stores than in those with less than 10 years operating experience. (Tables 4 and 5, pages 22 and 23.)

5. In the unincorporated type of firms, rented stores had an average investment in fixed assets of \$2,282 compared to an investment of \$15,848 by owners. This difference is reflected in the ratios. In the rented class there were \$12.81 current assets for every \$1 of fixed assets; in owned only \$2.29. In rented stores 88% of every \$1 net worth was available as working capital; in owned stores, with a greater net worth, this ratio was reduced to .57. Every \$1 invested in fixed assets produced \$30.74 sales in rented stores and \$5.34 in owned stores. (Tables 4 and 5, pages 22 and 23.)

6. At the end of 1948 incorporated firms operating from owned premises had \$3.12 current assets to meet every \$1 current liabilities; firms operating from rented premises had a similar current ratio - 3.16. Rented firms produced more sales than did owned for every \$1 of capital - \$9.85 compared to \$5.82. (Table 6, page 24.)

Table 1. - Operating Results of Men's Clothing Stores, 1945-1946-1948

Item	Incorporated			Unincorporated		
	1945	1946	1948	1945	1946	1948
Number of stores reporting .	102	93	103	441	434	345
Average net sales \$	120,007	142,294	157,631	51,904	57,537	68,623
Gross profit	31.5	30.5	28.6	27.5	26.9	25.9
Operating expenses:						
Employees' salaries	11.7	12.0	12.7	5.9	5.9	6.2
Occupancy	4.6	4.5	4.6	4.0	3.8	3.9
Store supplies	0.7	0.6	0.6	0.5	0.6	0.5
Advertising	1.1	1.2	1.7	0.7	0.7	1.0
All other expenses	2.4	2.4	2.6	2.4	2.2	2.4
Total operating expenses ...	20.5	20.7	22.2	13.5	13.2	14.0
Net profit before deduction of income tax (a)	11.0	9.8	6.4	14.0	13.7	11.9

(a) For unincorporated stores this ratio also includes proprietors' salaries.

OPERATING RESULTS OF MEN'S CLOTHING STORES, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES

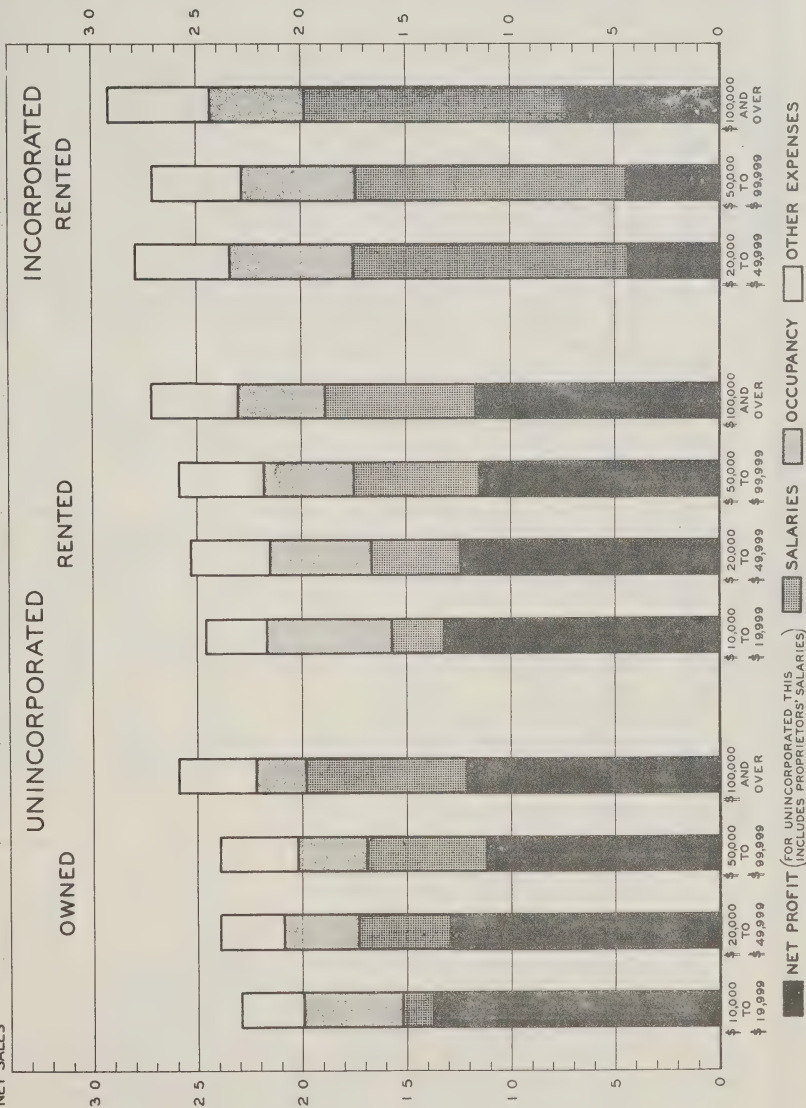


Table 2. Men's Clothing Stores - Operating Results of Unincorporated Stores Classified by Annual Sales Volume and Occupancy Basis, 1948

[illegible]

Table 3.—Men's Clothing Stores - Operating Results of Incorporated and Unincorporated Rented Stores Compared, 1948

Item	INCORPORATED			UNINCORPORATED		
	\$20,000 of	\$50,000 of	\$100,000 and Over	\$20,000 of	\$50,000 of	\$100,000 and Over
	\$49,999	\$99,999		\$49,999	\$99,999	
Number of stores reporting	10	33	51	88	74	48
Average net sales per store	37,288	78,291	215,254	35,441	69,949	154,880
Average cost of goods sold	26,900	57,047	152,462	26,478	51,887	112,689
Average beginning inventory	13,558	21,922	47,183	11,764	18,631	34,186
Average inventory, end of year ..	18,906	24,983	50,791	12,901	20,603	36,280
Stock turnover (times per year) ...	1.66	2.43	3.11	2.15	2.65	3.11
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	28.36	27.14	29.17	25.29	25.82	27.22
Operating expenses:						
Employees' salaries and wages ..	13.16	13.03	12.59	4.26	5.95	7.14
Taxes	1.05	.36	.38	.30	.25	.24
Insurance	1.08	.55	.37	.50	.42	.44
Rent	2.82	2.99	2.57	2.70	2.37	2.43
Heat, light and power .....	.47	.65	.44	.56	.46	.33
Repairs and maintenance .....	.08	.45	.33	.36	.40	.38
Depreciation allowances .....	.35	.46	.34	.32	.36	.48
Store supplies .....	.57	.62	.53	.53	.51	.54
Advertising	1.31	1.18	1.81	.64	1.12	1.28
Bad debts - written off .....	.32	.16	.09	.09	.25	.27
(Less) amount recovered .....	.10	.03	.07	-	.02	.05
Net bad debt loss .....	.22	.13	.15	.09	.23	.22
All other expenses	2.34	2.40	2.34	2.52	2.28	2.19
Total operating expenses	23.55	22.72	21.95	12.88	14.35	15.57
Net trading profit before proprie- tors' salaries and income tax deduction (a)	4.31	4.42	7.22	12.41	11.47	11.65

(a) For unincorporated stores this ratio includes proprietors' salaries.

Table 4.--Men's Clothing Stores - Owned - Financial Structure of
Unincorporated Firms by Size of Business, December 31, 1948

Item (⌘) (Average per store)	OWNED STORES			
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (\$20,000 and Over)
<u>Assets</u>	\$	\$	\$	\$
Current assets:				
Cash on hand or in bank	3,231	5,570	12,082	6,502
Net accounts receivable	895	3,533	3,512	2,480
Merchandise inventory	13,899	19,436	44,916	24,519
Other current assets	477	2,756	5,783	2,717
Total current assets	18,502	31,295	66,293	36,218
Net fixed assets	6,394	15,943	28,871	15,848
Other assets	747	1,671	2,851	1,641
Total assets	25,643	48,909	98,015	53,707
<u>Liabilities and Net Worth:</u>				
Current liabilities	6,179	13,669	25,424	14,055
Other liabilities	792	4,423	2,187	2,344
Total liabilities	6,971	18,092	27,611	16,399
Net Worth	18,672	30,817	70,404	37,308
Total Liabilities and Net Worth	25,643	48,909	98,015	53,707
Sales	36,398	72,853	164,756	84,660
Net Profit	4,699	8,121	20,011	10,158
<u>Ratios:</u>				
Current assets to current liabilities ..	2.99	2.29	2.61	2.58
Current assets to fixed assets	2.89	1.96	2.30	2.29
Net quick assets to net worth .....	.66	.49	.58	.57
Liabilities to net worth .....	.37	.59	.39	.44
Sales to net worth	1.95	2.37	2.34	2.27
Sales to fixed assets	5.69	4.57	5.71	5.34
Net profit to net worth .....	.25	.26	.28	.27

(⌘) See definitions on page 5 for more detail description.

Table 5.--Men's Clothing Stores - Rented - Financial Structure of Unincorporated Stores
by Size and Age of Business December 31, 1948

Item (₳) (Average per store)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 & Over			Total all Sizes (\$20,000 & over)
	Under 10 years	10 & over	Total	Under 10 years	10 & over	Total	Under 10 years	10 & over	Total	
Assets										
Current assets:										
Cash on hand or in bank . . .	3,673	1,865	2,567	3,703	4,895	4,599	4,971	15,713	10,222	4,946
Net accounts receivable . . .	988	259	453	1,402	2,446	2,007	6,628	3,217	4,735	1,937
Merchandise inventory	13,127	12,609	12,480	21,706	19,276	19,888	36,784	41,350	39,118	20,857
Other current assets	276	1,148	924	551	3,242	2,153	2,446	986	1,429	1,436
Total current assets	18,064	15,881	16,444	27,362	29,859	28,647	50,829	61,266	55,504	29,336
Net fixed assets	2,501	837	1,287	4,476	1,753	2,552	3,588	3,608	3,751	2,282
Other assets	590	554	567	1,475	723	886	2,583	4,557	3,148	1,227
Total assets	21,155	17,272	18,298	33,313	32,335	32,085	57,000	69,431	62,403	32,745
Liabilities and Net Worth:										
Current liabilities	6,618	5,648	5,724	12,975	11,051	11,812	21,259	12,134	16,061	10,195
Other liabilities	140	341	263	1,938	1,056	1,313	1,011	2,800	1,731	968
Total liabilities	6,758	5,989	5,987	14,913	12,107	13,125	22,270	14,934	17,792	11,163
Net Worth	14,397	11,283	12,311	18,400	20,228	18,960	34,730	54,497	44,611	21,582
Total Liabilities and Net Worth.	21,155	17,272	18,298	33,313	32,335	32,085	57,000	69,431	62,403	32,745
Sales	33,965	35,047	34,518	71,248	69,750	69,718	129,002	153,887	141,170	70,160
Net Profit	4,215	4,349	4,284	8,172	8,000	7,997	15,029	17,928	16,446	8,234
Ratios:										
Current assets to current liabilities	2.73	2.81	2.87	2.11	2.70	2.43	2.39	5.05	3.46	2.87
Current assets to fixed assets	7.22	18.96	12.78	6.11	17.03	11.23	14.17	16.98	14.80	12.81
Net quick assets to net worth . . . . .	.80	.91	.87	.78	.93	.89	.85	.90	.88	.88
Liabilities to net worth . . . . .	.47	.53	.49	.81	.60	.69	.64	.27	.40	.52
Sales to net worth	2.36	3.11	2.80	3.87	3.45	3.68	3.71	2.82	3.16	3.25
Sales to fixed assets	13.58	41.87	26.82	15.92	39.79	27.32	35.95	42.65	37.64	30.74
Net profit to net worth . . . . .	.29	.39	.35	.44	.40	.42	.43	.33	.37	.38

(₳) See definitions on page 5 for more detail description.

Table 6.--Men's Clothing Stores - Financial Structure of
Incorporated Firms, December 31, 1948

Item (*) (Average per store)	OWNED	RENTED		
	Total	\$50,000 to \$99,999	\$100,000 and Over	Total
<u>Assets</u>	\$	\$	\$	\$
Current assets:				
Cash on hand or in bank	8,530	4,915	19,450	12,230
Net accounts receivable	6,894	1,296	10,146	5,860
Merchandise inventory	36,017	26,902	50,987	38,997
Other current assets	9,414	2,951	5,629	4,191
Total current assets	60,855	36,064	86,212	61,278
Net fixed assets	23,601	1,952	3,701	2,900
Other assets	5,550	871	4,703	2,889
Total assets	90,006	38,887	94,616	67,067
<u>Liabilities and Net Worth:</u>				
Current liabilities	19,509	13,682	25,369	19,391
Other liabilities	14,121	2,587	5,853	4,233
Total liabilities	33,630	16,269	31,222	23,624
Net Worth:				
Capital	23,690	8,757	20,831	14,829
Surplus	32,686	13,861	42,563	28,614
Total net worth	56,376	22,618	63,394	43,443
Total Liabilities and Net Worth ...	90,006	38,887	94,616	67,067
Sales :.....	137,834	77,339	213,711	146,061
Net Profit	7,346	3,418	15,430	9,714
<u>Ratios:</u>				
Current assets to current liabilities	3.12	2.64	3.40	3.16
Current assets to fixed assets ..	2.58	18.48	23.29	21.13
Net quick assets to net worth ...	.73	.99	.96	.96
Liabilities to net worth .....	.60	.72	.49	.54
Sales to capital	5.82	8.83	10.26	9.85
Sales to fixed assets	5.84	39.52	57.74	50.37
Net profit to net worth .....	.13	.15	.24	.22

(*) See definitions on page 5 for more detail description.

2. WOMEN'S READY-TO-WEAR STORES

Stores classified as women's ready-to-wear deal principally in women's coats, suits and dresses, with or without related lines of accessories. Specialty stores such as hosiery shops, millinery stores and furriers are not included in this study.

Reports suitable for tabulation of profit and loss data were received from 467 unincorporated firms. These were arranged into five sales-size groups and between owned and rented categories. Only the three largest size classes were used to obtain balance sheet results for which usable reports were received from 279 firms. A sufficient number of reports were received from rented stores to permit a breakdown by age within each size class for balance sheet data.

Incorporated firms submitted 90 reports which could be used for the profit and loss section and all except 4 of these came within the three largest sales-size classes in the rented category. Balance sheet data for 59 of these reports ~~were~~ completed satisfactorily and ~~were~~ used to produce the results shown.

Some of the more important points in the operations and financial structure of women's clothing stores in 1948 are summarized as follows:

1. Both unincorporated and incorporated stores operated on smaller gross profits during 1948 than in previous years. Incorporated firms spent a greater proportion on expenses than in 1945 or 1946 to net a profit of 5.1 per cent of sales compared to one of 7.3 in 1945 and 6.2 in 1946. Unincorporated firms were able to reduce their operating expenses but not sufficiently to balance the smaller gross profit of 1948. Net profit was 10.4 per cent compared to 11.5 in 1945 and 10.9 in 1946. (Table 7, page 26.)
2. In 1948, unincorporated women's clothing stores showed no definite trends in gross or net profit over the five size ranges. Occupancy costs and store supplies were proportionately smaller in the larger sized businesses while salaries and advertising expenses showed marked increases with expanding dollar volume of sales. (Table 8, page 28.)
3. Incorporated firms obtained wider gross margins or profits than did unincorporated stores but paid more in operating expenses. Excluding salaries, which are not comparable, expenses of incorporated stores in the three largest sized rented categories ranged from 9.94 per cent of net sales to 13.25 per cent. In unincorporated stores, comparable expenses were from 8.20 to 9.24 per cent of net sales. (Table 9, page 29.)

4. In the owned group of unincorporated stores the largest sized class had the greatest current ratio, and a greater proportion of assets as current than the smaller sized stores. For every \$1 of net worth proprietors of businesses operating from owned premises had .51¢ net worth, ranging from .88¢ in the largest to .45¢ in the smallest sized group. The largest sized group also made better utilization of fixed asset investment, producing \$6.15 sales per \$1 invested compared to \$3.59 and \$2.91 in the middle and smallest sized categories. (Table 10, page 30.)
5. Unincorporated rented stores had more than twice as much current assets as current liabilities at the end of 1948. All groups in the rented class were above an average ratio of 2 with older businesses generally in a more favourable position than those with less than 10 years operations. (Table 11, page 31.)
6. Incorporated firms in the rented class held \$2.61 current assets for every \$1 current liability at the end of 1948, and .80¢ of every \$1 net worth was free from current obligation. The largest sized stores produced more sales per \$1 of capital investment than did the smaller classes and also made better use of their fixed assets. The proportion of surplus accumulated by the larger stores far exceeded that of the smaller sized stores. (Table 12, page 32.)

Table 7. - Operating Results of Women's Ready-to-Wear, 1945, 1946-1948

Item	Incorporated			Unincorporated		
	1945	1946	1948	1945	1946	1948
Number of stores reporting .	120	118	90	583	584	467
Average net sales \$	123,592	105,493	124,756	36,618	38,705	51,868
Gross profit	30.5	29.2	28.5	27.7	27.1	25.8
Operating expenses:						
Employees' salaries	12.7	13.1	13.3	6.9	6.9	6.6
Occupancy	5.2	4.9	5.0	4.8	4.7	4.6
Store supplies	0.7	0.8	0.7	0.9	0.8	0.6
Advertising	1.7	1.3	1.4	0.7	0.7	0.8
All other expenses	2.9	2.9	3.0	2.9	3.1	2.8
Total operating expenses ...	23.2	23.0	23.4	16.2	16.2	15.4
Net profit before deduction of income tax (a)	7.3	6.2	5.1	11.5	10.9	10.4

(a) For unincorporated stores this ratio also includes proprietors' salaries.

OPERATING RESULTS OF WOMAN'S CLOTHING STORES, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES

% OF NET SALES

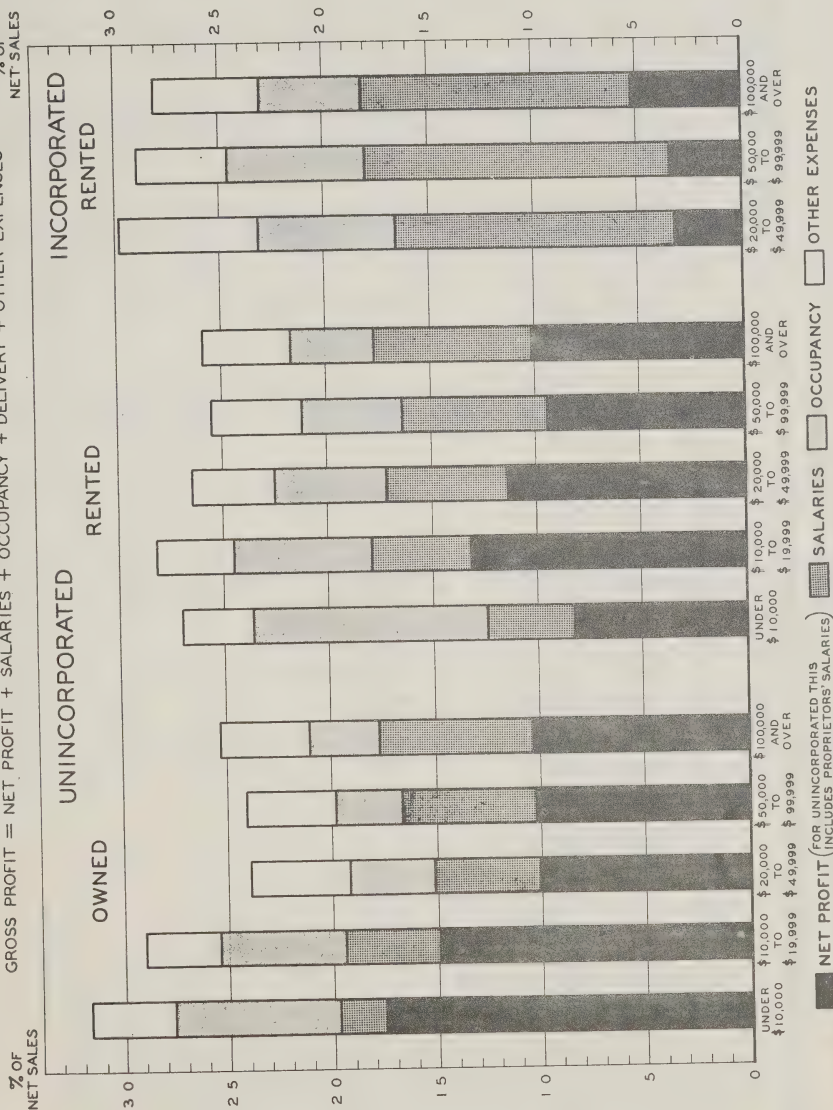


CHART 3.

Table 8.--Women's Ready-to-Wear Stores - Operating Results of Unincorporated Stores Classified According to Annual Sales Volume and Occupancy Basis, 1943

Item	OWNED STORES					RENTED STORES				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	13	19	43	18	10	9	53	154	108	40
Average net sales per store	6,714	14,064	30,902	70,842	135,856	7,334	15,071	33,937	70,086	155,365
Average cost of goods sold	4,588	9,955	23,518	53,776	103,736	5,395	10,826	24,960	52,188	115,134
Average beginning inventory	2,560	3,530	6,589	12,157	15,336	2,205	3,567	6,324	10,224	14,508
Average inventory, end of year ..	2,912	3,978	7,751	13,529	18,822	2,042	4,114	7,532	11,931	18,046
Stock turnover (times per year) ...	1.58	2.56	3.28	4.19	6.07	2.54	2.82	3.60	4.71	7.07
PROFIT AND LOSS DATA										
(Per cent of net sales)										
Gross profit	31.66	29.01	23.39	24.09	25.29	26.95	28.16	26.45	25.54	25.89
Operating expenses:										
Employees' salaries and wages ..	2.17	4.48	4.57	6.44	7.44	4.16	4.72	5.87	6.95	7.61
Taxes	2.53	1.20	.98	.54	.64	.55	.36	.30	.26	.24
Insurance .....	.94	.81	.51	.51	.54	.56	.36	.40	.38	.40
Rent	"	"	"	"	"	7.18	3.97	3.04	2.69	2.13
Heat, light and power	2.01	1.84	.98	.75	.60	1.40	.96	.60	.45	.36
Repairs and maintenance	1.19	.96	.79	.61	.80	.82	.44	.52	.37	.37
Depreciation allowances	1.20	1.15	.84	.81	.83	.54	.47	.45	.49	.47
Store supplies .....	.60	.90	.69	.61	.44	.74	.60	.55	.62	.54
Advertising .....	.35	.33	.41	.76	1.09	.34	.35	.64	.81	1.09
Bad debts - written off .....	.26	.08	.09	.04	.11	"	.10	.14	.11	.21
(Less) amount recovered	"	"	"	"	"	"	"	"	.01	"
Net bad debt loss .....	.26	.08	.09	.04	.11	"	.10	.13	.09	.21
All other expenses	2.93	2.40	3.54	2.80	2.67	2.37	2.60	2.61	2.91	2.39
Total operating expenses	14.18	14.15	13.40	13.87	15.01	18.76	14.93	15.11	16.14	15.81
Net trading profit before proprie- tors' salaries and income tax deduction	17.48	14.86	10.49	10.22	10.28	8.19	13.23	11.34	9.40	10.08

Table 9. --- Women's Ready-to-Wear Stores - Operating Results of Incorporated and Unincorporated Renten Stores Compared, 1948

Item	Incorporated			Unincorporated		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	16	32	38	154	108	40
Average net sales per store	36,475	74,747	184,170	33,937	70,086	155,365
Average cost of goods sold	25,621	53,143	132,350	24,960	52,188	115,134
Average beginning inventory	7,211	9,620	18,199	6,324	10,224	14,508
Average inventory, end of year ..	8,227	11,150	19,825	7,532	11,931	18,046
Stock turnover (times per year) ...	3.32	5.12	6.96	3.60	4.71	7.07
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	29.76	28.90	28.14	26.45	25.54	25.89
Operating expenses:						
Employees' salaries and wages ..	13.35	14.57	13.03	5.87	6.95	7.61
Taxes .....	.38	.59	.39	.30	.26	.24
Insurance .....	.48	.50	.34	.40	.38	.40
Rent	4.25	3.89	2.74	3.04	2.69	2.13
Heat, light and power .....	.75	.47	.39	.60	.45	.36
Repairs and maintenance .....	.34	.36	.39	.52	.49	.37
Depreciation allowances .....	.36	.81	.51	.45	.49	.47
Store supplies .....	.63	.70	.70	.55	.62	.54
Advertising .....	.79	.99	1.53	.64	.81	1.09
Bad debts - written off .....	.27	.12	.17	.14	.11	.21
(Less) amount recovered	-	-	.02	.01	.02	-
Net bad debt loss .....	.27	.12	.15	.13	.09	.21
All other expenses	5.00	2.46	2.80	2.61	2.91	2.39
Total operating expenses	26.60	25.46	22.97	15.11	16.14	15.81
Net trading profit before proprietors' salaries and income tax deduction (a)	3.16	3.44	5.17	11.34	9.40	10.08

(a) For unincorporated stores this ratio includes proprietors' salaries.

Table 10.--Women's Ready-to-Wear Stores - Owned - Financial Structure of
Unincorporated Stores by Size of Business, December 31, 1948

Item (¤) (Average per store)	OWNED STORES			
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (\$20,000 and Over)
<u>Assets</u>	\$	\$	\$	\$
Current assets:				
Cash on hand or in bank	2,568	2,567	7,346	3,458
Net accounts receivable	734	2,433	6,919	2,406
Merchandise inventory	7,425	14,443	18,767	11,681
Other current assets	1,486	1,664	4,586	2,118
Total current assets	12,213	21,107	37,618	19,663
Net fixed assets	10,558	18,550	20,373	14,826
Other assets	1,266	256	2,138	1,120
Total assets	24,037	39,913	60,129	35,609
<u>Liabilities and Net Worth:</u>				
Current liabilities	5,484	10,778	10,853	8,100
Other liabilities	3,560	7,857	3,419	4,845
Total liabilities	9,044	18,635	14,272	12,945
Net Worth	14,993	21,278	45,857	22,664
Total Liabilities and Net Worth	24,037	39,913	60,129	35,609
Sales	30,747	66,541	125,361	59,307
Net Profit	3,225	6,801	12,887	6,117
<u>Ratios:</u>				
Current assets to current liabilities ..	2.23	1.96	3.47	2.43
Current assets to fixed assets	1.16	1.14	1.85	1.33
Net quick assets to net worth .....	.45	.49	.58	.51
Liabilities to net worth .....	.60	.88	.31	.57
Sales to net worth	2.05	3.13	2.73	2.62
Sales to fixed assets	2.91	3.59	6.15	4.00
Net profit to net worth .....	.22	.32	.28	.27

(¤) See definitions on page 5 for more detail description.

Table 11. -- Women's Ready-to-Wear Stores - Retail - Financial Structure of Unincorporated Stores by Size and Age of Business December 31, 1948

Item (π) (Average per store)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 & Over			Total all Sizes (\$20,000 & over)
	Under 10 years & over	Total	Under 10 years & over	Under 10 years & over	Total	Under 10 years & over	Under 10 years & over	Total	Under 10 years & over	
Assets										
Current assets:										
Cash on hand or in bank	2,419	1,866	1,984	4,415	3,952	4,399	12,104	14,078	13,354	4,511
Net accounts receivable	1,954	849	1,223	2,254	2,868	2,550	3,023	9,077	6,857	2,528
Merchandise inventory	7,077	7,307	7,307	13,399	11,495	11,454	22,499	13,874	17,037	10,312
Other current assets	1,073	1,226	1,290	946	1,615	1,574	595	321	421	1,286
Total current assets	12,528	11,015	11,804	21,014	19,330	19,977	38,221	37,350	37,669	18,537
Net fixed assets	1,510	1,261	1,362	2,146	1,484	1,710	3,147	3,121	3,131	1,744
Other assets	303	454	371	2,250	988	1,333	2,700	3,595	3,267	1,155
Total assets	14,341	12,830	13,537	25,410	22,402	23,020	44,068	44,066	44,067	21,536
Liabilities and Net Worth:										
Current liabilities	4,671	2,795	3,518	8,776	8,394	8,182	15,457	13,186	14,019	6,837
Other liabilities	317	1,015	905	1,413	1,176	1,148	920	481	542	987
Total liabilities	4,988	3,810	4,423	10,189	9,570	9,330	16,377	13,667	14,561	7,804
Net Worth	9,353	9,020	9,114	15,221	12,832	13,690	27,691	30,399	29,406	13,732
Total Liabilities and Net Worth	14,341	12,830	13,537	25,410	22,402	23,020	44,068	44,066	44,067	21,536
Sales	35,397	32,044	32,776	69,685	72,019	70,104	135,928	144,089	141,097	62,648
Net Profit	4,014	3,654	3,717	6,550	6,770	6,590	13,702	14,824	14,223	6,312
Ratios:										
Current assets to current liabilities	2.68	3.94	3.36	2.39	2.37	2.44	2.47	2.83	2.69	2.73
Current assets to fixed assets	8.30	8.09	8.67	9.79	13.43	11.88	12.15	11.97	12.03	10.69
Net quick assets to net worth . . . . .	.84	.91	.91	.80	.90	.86	.82	.79	.80	.86
Liabilities to net worth . . . . .	.53	.42	.49	.67	.75	.68	.59	.45	.50	.57
Sales to net worth	3.78	3.55	3.60	4.58	5.61	5.12	4.91	4.74	4.80	4.56
Sales to fixed assets	23.44	23.54	24.06	32.47	48.53	41.00	43.19	46.17	45.06	35.93
Net profit to net worth . . . . .	.43	.40	.41	.43	.53	.48	.49	.48	.48	.46

(*) See definitions on page 5 for more detail description.

Table 12.--Women's Ready-to-Wear Stores - Financial Structure of Incorporated
Rented Stores by Size of Business, December 31, 1948

Item (x) (Average per store)	RENTED STORES			
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (20,000 and Over)
<u>Assets</u>	\$	\$	\$	\$
Current assets:				
Cash on hand or in bank	1,873	5,251	9,778	6,942
Net accounts receivable	1,523	3,559	7,970	5,376
Merchandise inventory	8,596	11,905	19,482	15,052
Other current assets	687	2,726	4,912	3,487
Total current assets	12,679	23,441	42,142	30,857
Net fixed assets	937	3,542	4,171	3,487
Other assets	1,069	3,094	4,433	3,455
Total assets	14,685	30,077	50,746	37,799
<u>Liabilities and Net Worth:</u>				
Current liabilities	5,673	8,736	16,087	11,810
Other liabilities	2,201	2,450	2,088	2,244
Total liabilities	7,874	11,186	18,175	14,054
<u>Net Worth:</u>				
Capital	4,088	9,045	10,066	8,857
Surplus	2,723	9,846	22,505	14,888
Total net worth	6,811	18,891	32,571	23,745
Total Liabilities and Net Worth	14,685	30,077	50,746	37,799
Sales	34,413	75,381	163,015	111,415
Net Profit	1,087	2,593	8,428	5,158
<u>Ratios:</u>				
Current assets to current liabilities ..	2.23	2.68	2.62	2.61
Current assets to fixed assets	13.54	6.62	10.10	8.85
Net quick assets to net worth	1.03	.78	.80	.80
Liabilities to net worth	1.16	.59	.56	.59
Sales to capital	8.42	8.33	16.19	12.58
Sales to fixed assets	36.73	21.28	39.08	31.95
Net profit to net worth .....	.16	.14	.26	.22

(x) See definitions on page 5 for more detail description.

3. FAMILY CLOTHING STORES

These stores, as implied by the name, sell a general line of men's, women's and children's clothing and furnishings. Other goods which may be sold are notions, piece goods, house furnishings etc. but these must not form a large part of the business.

Reports satisfactorily completed for profit and loss data were received from 356 unincorporated firms. These were sorted into five sales-size groups for both owned and rented stores. Too few reports in the under \$10,000 owned class were received to permit publication of results. Balance sheet data were completed by fewer firms and was tabulated only for the three largest size classes. A sufficient number of reports were received to allow a breakdown by age of business in two size categories of rented stores and in the smallest size of owned stores. Firms giving no age were included in the size class total but not in either age group. The number of reports in the three sales-size classes submitting satisfactory balance sheet data was 223.

Incorporated firms contributed 52 usable reports for profit and loss data which were mostly in the rented class. To best present the results of these firms, a slight change was made in the sales-size ranges. Balance sheet data were contributed by too few firms to warrant publication of 'average' results.

The operating results for 1948 and the financial structure at the end of the year are summarized below:

1. In 1948, both incorporated and unincorporated family clothing stores obtained smaller gross and net profits in proportion to net sales than in previous years. Incorporated firms spent proportionately more on salaries, occupancy and advertising in 1948, while unincorporated firms showed little change in expense ratios from 1945 and 1946. The average dollar volume of business increased considerably in both types of store. (Table 13, page 34.)
2. In comparing the different sales-size categories in 1948 no definite trend occurred in gross profit. Net profit, however, decreased in ratio to sales as size of business increased. This same downward trend in ratio to sales is seen in the occupancy expense items of taxes, insurance, rent, light, heat and power, and in store supplies. Repairs and maintenance and depreciation decreased with size in owned stores but generally increased in ratio in rented stores as volume of business expanded. On the other hand, the items of salaries, advertising and bad debt losses increased considerably in ratio from the smallest to the largest size class. (Table 14, page 36.)

3. During 1948 the rate of stock turnover increased with sales volume ranging from 1.23 times per year in the smallest to 3.69 times in the largest stores. With one exception the average inventory held at the end of the year was greater in dollar volume than that held at the beginning of the year. (Table 14, page 36.)
4. Owned stores of the unincorporated type had a favourable current ratio. To meet every dollar of current obligation the average owned family clothing store had \$2.95 of current assets. In the size range from \$20,000 to \$49,999 businesses in operation for 10 years or more held a more favourable position in this current ratio, than did those under 10 years. They had less assets tied up in fixed investment; had a greater proportion of net worth in the form of quick assets free from obligation and had less liabilities in relation to net worth than did firms with less than 10 years operation.

The largest size class produced \$7.66 sales for every \$1 invested in fixed assets as compared with \$4.65 and \$4.74 for the two smaller size groups. They also transacted more business per \$1 of net worth or equity in the business. (Table 16, page 38.)

5. The owners of businesses in rented premises also had favourable current ratios at the end of 1948. All age and size groups were above a ratio of 2 and had from \$2.31 to \$3.22 current assets to meet every \$1 of current liability.

In nearly all points of financial structure, businesses in operation 10 years or more were in a more favourable position than those with less than 10 years business experience. (Table 17, page 39.)

Table 13. - Operating Results of Family Clothing Stores - 1945, 1946-1948

Item	Incorporated			Unincorporated		
	1945	1946	1948	1945	1946	1948
Number of stores reporting .	49	50	52	461	469	356
Average net sales \$	225,398	264,178	287,758	49,709	54,053	62,539
Gross profit	29.1	29.3	28.8	24.8	23.8	23.3
Operating expenses:						
Employees' salaries	12.4	12.3	12.8	6.1	5.9	6.0
Occupancy	4.0	3.7	4.3	3.6	3.5	3.6
Store supplies	0.9	0.8	0.7	0.6	0.7	0.5
Advertising	1.6	1.7	2.0	0.5	0.6	0.8
All other expenses	2.4	2.5	3.0	2.5	2.4	2.4
Total operating expenses ...	21.3	21.0	22.8	13.3	13.1	13.3
Net profit before deduction of income tax (a)	7.8	8.3	6.0	11.5	10.7	10.0

(a) For unincorporated stores this ratio also includes proprietors' salaries.

OPERATING RESULTS OF FAMILY CLOTHING STORES, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES

% OF
NET SALES

% OF
NET SALES

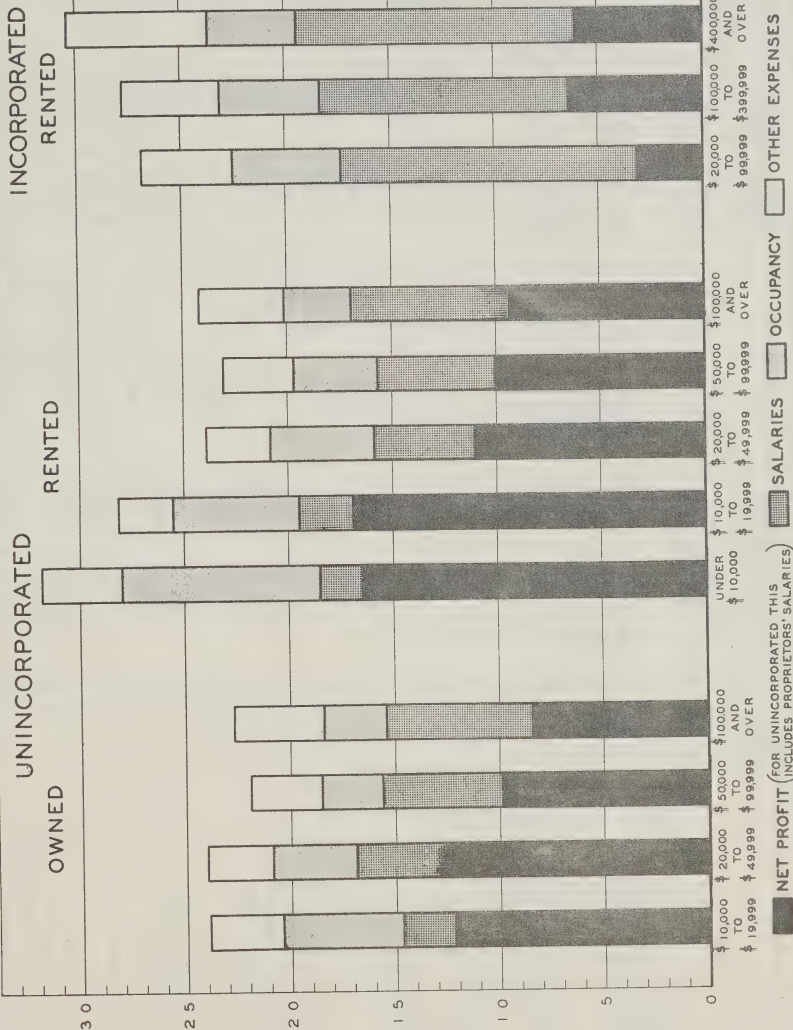


Table 14.--Family Clothing Stores - Operating Results of Unincorporated Stores Classified
According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES				PRINTED STORES			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999
Number of stores reporting	17	67	38	28	9	24	80	63
Average net sales per store	15,426	34,168	71,868	195,244	7,440	14,602	34,243	66,324
Average cost of goods sold	11,742	25,984	56,157	150,980	5,076	10,492	26,053	50,990
Average beginning inventory	7,666	11,689	21,287	40,043	3,935	5,528	11,218	19,562
Average inventory, end of year ..	7,489	13,100	22,962	47,107	4,307	6,139	13,068	21,125
Stock turnover (times per year) ...	1.55	2.10	2.54	3.46	1.23	1.80	2.15	2.51
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	23.88	23.95	21.86	22.67	31.77	28.15	23.92	23.12
Operating expenses:								
Employees' salaries and wages ..	2.53	4.27	5.66	6.96	1.95	2.61	4.92	5.70
Taxes	1.18	.84	.53	.56	.84	.36	.38	.31
Insurance .....	.90	.74	.51	.55	.87	.55	.53	.50
Rent		-	-	-	5.83	3.54	2.59	1.83
Heat, light and power	1.50	.94	.67	.57	1.68	.88	.67	.59
Repairs and maintenance .....	.99	.58	.53	.52	.22	.31	.37	.41
Depreciation allowances	1.15	.86	.70	.76	1.10	.36	.32	.35
Store supplies .....	.61	.51	.48	.55	.99	.54	.44	.51
Advertising .....	.30	.38	.52	1.03	.25	.23	.52	.68
Bad debts - written off .....	.15	.12	.17	.33	-	.05	.16	.12
(Less) amount recovered	-	.02	.01	.03	-	-	.01	.01
Net bad debt loss .....	.15	.10	.16	.30	-	.05	.15	.11
All other expenses	2.38	2.15	2.25	2.48	2.56	1.82	2.00	2.13
Total operating expenses	11.69	11.37	12.01	14.28	15.23	11.22	12.91	13.08
Net trading profit before proprie- tors' salaries and income tax deduction	12.19	12.58	9.85	8.39	16.48	16.93	11.01	10.04
								9.26

Item

Table 15.--Family Clothing Stores - Operating Results of Incorporated Stores
by Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED	RENTED		
	\$100,000 and Over	\$20,000 to \$99,999	\$100,000 to \$399,999	\$400,000 and Over
Number of stores reporting	7	8	26	11
Average net sales per store \$	306,039	53,677	207,373	636,367
Average cost of goods sold \$	225,983	39,217	149,725	442,785
Average beginning inventory \$	65,179	19,027	47,685	113,271
Average inventory, end of year \$	67,700	21,788	50,000	133,875
Stock turnover (times per year)	3.40	1.92	3.07	3.58
PROFIT AND LOSS DATA				
(Per cent of net sales)				
Gross profit	26.16	26.94	27.80	30.42
Operating expenses:				
Employees' salaries and wages	12.72	14.23	11.93	13.34
Taxes .....	.66	.60	.37	.35
Insurance .....	.35	.61	.43	.32
Rent	-	2.29	2.42	1.92
Heat, light and power .....	.49	.77	.55	.36
Repairs and maintenance	1.06	.60	.45	.75
Depreciation allowances .....	.61	.33	.56	.63
Store supplies .....	.74	.72	.59	.71
Advertising	1.49	.61	1.54	2.48
Bad debts - written off .....	.61	.09	.52	.91
(Less) amount recovered .....	.13	-	.23	.32
Net bad debt loss .....	.48	.09	.29	.59
All other expenses	2.76	3.04	2.24	2.89
Total operating expenses	21.36	23.89	21.37	24.34
Net trading profit before income tax deduction	4.80	3.05	6.43	6.08

Table 16.---Family Clothing Stores - Owned - Financial Structure of Unincorporated Stores
by Size and Age of Business, December 31, 1948

Item (*) (Average per store)	\$20,000 - \$49,999			\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes (\$20,000 and Over)
	Under 10 years	10 years & over	Total			
Assets						
Current assets:						
Cash on hand or in bank	856	2,790	2,238	5,140	9,167	4,654
Net accounts receivable	2,058	785	1,149	3,222	7,634	3,221
Merchandise inventory	11,072	13,360	12,706	22,152	44,192	22,584
Other current assets	267	451	398	1,407	7,327	2,257
Total current assets	14,253	17,386	16,491	31,921	68,320	32,716
Net fixed assets	8,653	6,733	7,281	15,193	23,552	13,277
Other assets	82	669	502	900	4,293	1,474
Total assets	22,988	24,788	24,274	48,014	96,165	47,467
Liabilities and Net Worth:						
Current liabilities	6,395	5,802	5,972	8,118	25,808	11,076
Other liabilities	1,336	607	815	5,075	9,826	4,100
Total liabilities	7,731	6,409	6,787	13,193	35,634	15,176
Net Worth	15,257	18,379	17,487	34,821	60,531	32,291
Total Liabilities and Net Worth	22,988	24,788	24,274	48,014	96,165	47,467
Sales	33,429	34,971	34,531	70,595	180,503	78,053
Net Profit	4,205	4,399	4,344	6,954	15,144	7,547
Ratios:						
Current assets to current liabilities ..	2.23	3.00	2.76	3.93	2.65	2.95
Current assets to fixed assets	1.65	2.58	2.26	2.10	2.90	2.46
Net quick assets to net worth .....	.52	.63	.60	.68	.70	.67
Liabilities to net worth .....	.51	.35	.39	.38	.59	.47
Sales to net worth	2.19	1.90	1.97	2.03	2.98	2.42
Sales to fixed assets	3.86	5.19	4.74	4.65	7.66	5.88
Net profit to net worth .....	.28	.24	.25	.20	.25	.23

(*) See definitions on page 5 for more detail description.

Table 17.--Family Clothing Stores - Rented - Financial Structure of Unincorporated Stores
by Size and Age of Business, December 31, 1948

Item (₩) (Average per store)	\$20,000 - \$49,999		\$50,000 - \$99,999		\$100,000 and Over	Total all Sizes (\$20,000 and Over)
	Under 10 years	10 years & over	Total	Under 10 years	10 years & over	Total
Assets						
Current assets:						
Cash on hand or in bank	2,057	3,491	3,153	3,532	2,841	3,075
Net accounts receivable	2,881	1,252	1,650	2,745	2,338	2,474
Merchandise inventory	13,825	13,470	13,553	20,301	21,478	21,086
Other current assets	935	919	936	898	1,616	1,377
Total current assets	19,758	19,132	19,277	27,497	28,273	28,015
Net fixed assets	1,763	634	896	1,823	1,669	1,720
Other assets	-	200	154	1,140	1,305	1,250
Total assets	21,521	19,966	20,327	30,460	31,247	30,985
Liabilities and Net Worth:						
Current liabilities	6,825	5,998	6,190	10,802	8,780	9,454
Other liabilities	2,101	709	1,032	753	1,198	1,043
Total liabilities	8,926	6,707	7,222	11,555	9,978	10,497
Net Worth	12,595	13,259	13,105	18,925	21,269	20,488
Total Liabilities and Net Worth	21,521	19,966	20,327	30,460	31,247	30,985
Sales	28,260	33,753	32,501	70,698	66,644	67,995
Net Profit	3,111	3,720	3,578	7,098	6,691	6,827
Ratios:						
Current assets to current liabilities ..	2.90	3.19	3.11	2.55	3.22	2.96
Current assets to fixed assets	11.21	30.18	21.52	15.08	16.94	16.29
Net quick assets to net worth	1.03	.99	1.00	.88	.92	.91
Liabilities to net worth .....	.71	.51	.55	.61	.47	.51
Sales to net worth	2.24	2.55	2.48	3.74	3.13	3.32
Sales to fixed assets	16.03	53.29	36.27	36.78	39.93	39.53
Net profit to net worth .....	.25	.28	.27	.58	.31	.33

(₩) See definitions on page 5 for more detail description.

4. FAMILY SHOE STORES

Family shoe stores exclude specialized stores selling only ladies' or men's shoes. While other merchandise such as luggage and other leather goods may be sold, footwear must form the bulk of the business for a store to be classified as a shoe outlet.

A total of 258 reports satisfactorily completed as to profit and loss were received from unincorporated firms. These were placed in five sales-size classes for owned and rented stores for tabulation. There were too few owned stores with sales of \$100,000 or over and too few rented stores with sales less than \$10,000 to permit publication of results. Balance sheet data were tabulated only for the three largest sized classes for which 156 usable reports were received. There were sufficient of these in the rented class with sales from \$20,000 to \$49,999 to permit a further breakdown by age of business for presentation of balance sheet data.

Incorporated firms to the number of 40 submitted reports suitable for 'profit and loss' tabulation. Of these, 20 completed the balance sheet data properly for which results are shown for two size classes of rented stores.

The operating results for the year and financial structure of retail shoe stores at the end of 1948 are summarized below:

1. In common with other clothing stores, net profits in 1948 decreased in ratio to net sales from previous years. In 1948, gross profits were smaller in unincorporated firms but rose slightly from the 1945 and 1946 ratios in incorporated businesses. Incorporated firms obtained greater average gross profits in 1948 (32.1 per cent of sales) than did unincorporated (26.5 per cent) but paid more out as expenses. (Table 18, page 41.)
2. In 1948, no consistent trend by size classification was evident in either the gross or net profit of unincorporated shoe stores. Salaries and advertising expense increased in proportion as the volume of business became greater and occupancy and other expenses generally decreased in ratio with increased sales.

The rate of stock turnover was more rapid in the larger sized stores and ranged from 1.07 times to 2.96 times per year. Each size class in both owned and rented stores had a greater dollar volume of stock on hand at the end of the year than at the beginning. (Table 19, page 43.)

3. At the end of 1948 all size and occupancy categories of unincorporated shoe stores had more than \$2.50 current assets against every \$1 of current liability. Rented stores had an average current ratio of 3.00 and owned stores 3.25. All groups of stores showed more than 50% of net quick assets or working capital for every \$1 net worth. This ratio ranged from .53 to .95

In the group where an age split was possible, businesses in operation for 10 years or more had ratios more favourable than those with less than 10 years experience in most features of financial structure. (Table 21, page 45.)

4. Incorporated companies in the rented class averaged almost 5 times as much current assets as current liabilities. For every dollar of net worth they held 28¢ as current assets free from current obligation and only had to allow 28¢ out of every dollar net worth to meet all liabilities. Every \$1 invested as capital produced \$6.95 sales and the same amount of fixed asset investment resulted in \$51.19 sales. Rented stores predominate in the incorporated type of business and too few owned stores in this class reported balance sheet data to permit a tabulation.

In all features of financial structure noted above, the larger sized stores were in a better position than the smaller sized group. (Table 22, page 46.)

Table 18. - Operating Results of Family Shoe Stores - 1945, 1946-1948

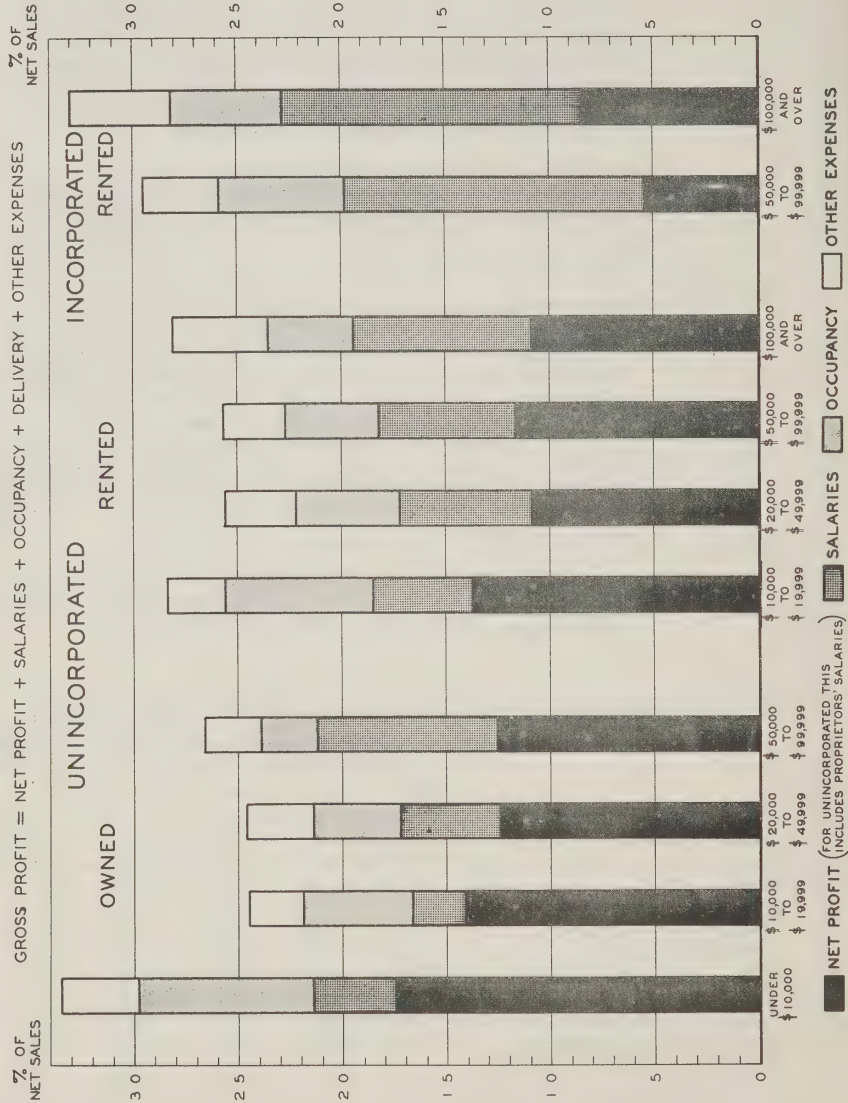
Item	Incorporated			Unincorporated		
	1945	1946	1948	1945	1946	1948
Number of stores reporting .	41	36	40	235	302	258
Average net sales \$	97,231	96,416	118,904	41,621	44,867	49,444
Gross profit	31.9	31.8	32.1	27.3	26.8	26.5
Operating expenses:						
Employees' salaries	13.3	14.5	14.4	6.2	6.9	7.0
Occupancy	5.3	5.4	5.6	4.1	4.2	4.4
Store supplies	0.5	0.5	0.4	0.6	0.7	0.5
Advertising	1.4	1.5	2.0	0.6	0.7	1.0
All other expenses	1.9	1.7	2.1	1.9	1.8	2.1
Total operating expenses ...	22.4	23.6	24.5	13.4	14.3	15.0
Net profit before deduction of income tax (a)	9.5	8.2	7.6	13.9	12.5	11.5

(a) For unincorporated stores this ratio also includes proprietors' salaries.

CHART 5.

OPERATING RESULTS OF FAMILY SHOE STORES, 1948 BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES



**Table 19. -- Family Shoe Stores - Operating Results of Unincorporated Stores Classified
According to Annual Sales Volume and Occupancy Basis, 1948**

Item	OWNED STORES				RENTED STORES			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	8	16	26	12	22	88	52	25
Average net sales per store	6,747	15,286	27,756	72,889	15,763	32,730	69,204	137,294
Average cost of goods sold	4,489	11,548	20,933	53,474	11,288	24,367	51,393	98,715
Average beginning inventory	3,937	6,799	10,496	26,197	7,476	12,669	20,650	32,189
Average inventory, end of year	4,436	7,183	10,937	28,289	8,736	13,317	22,113	34,497
Stock turnover (times per year) ...	1.07	1.65	1.95	1.96	1.39	1.88	2.40	2.96
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	33.46	24.46	24.58	26.64	28.41	25.55	25.74	28.10
Operating expenses:								
Employees' salaries and wages ..	3.98	2.52	4.80	8.66	4.83	6.29	6.62	8.46
Taxes	1.74	.96	1.04	.56	.47	.34	.26	.26
Insurance	1.13	.86	.62	.52	.73	.51	.46	.34
Rent	-	-	-	-	3.89	2.71	2.46	2.17
Heat, light and power	2.31	1.40	.95	.50	.97	.63	.42	.33
Repairs and maintenance	1.01	.89	.68	.41	.56	.47	.35	.40
Depreciation allowances	1.64	1.09	.93	.58	.50	.36	.45	.56
Store supplies .....	.66	.45	.49	.58	.58	.53	.35	.64
Advertising .....	.50	.33	.66	.62	.26	.77	.86	1.44
Bad debts - written off .....	.39	.25	.08	.02	.06	.12	.03	.01
(less) amount recovered	-	-	-	-	-	-	-	-
Net bad debt loss .....	.39	.25	.08	.02	.06	.12	.03	.01
All other expenses	2.11	1.60	1.96	1.70	1.83	1.97	1.79	2.62
Total operating expenses	16.07	10.35	12.21	14.15	14.68	14.70	14.13	17.23
Net trading profit before proprie- tors' salaries and income tax deduction	17.39	14.11	12.37	12.49	13.73	10.85	11.61	10.87

Table 20.--Family Shoe Stores - Operating Results of Incorporated and
Unincorporated Rented Stores Compared, 1948

Item	Incorporated		Unincorporated	
	\$50,000 to \$99,999	\$100,000 and Over	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	16	21	52	25
Average net sales per store \$	72,571	165,731	69,204	137,294
Average cost of goods sold \$	51,132	110,990	51,393	98,715
Average beginning inventory \$	21,933	39,067	20,650	32,189
Average inventory, end of year \$	22,599	41,867	22,113	34,497
Stock turnover (times per year)	2.30	2.74	2.40	2.96
PROFIT AND LOSS DATA				
(Per cent of net sales)				
Gross profit	29.54	33.03	25.74	28.10
Operating expenses:				
Employees' salaries and wages	14.40	14.44	6.62	8.46
Taxes .....	.39	.60	.34	.26
Insurance .....	.47	.35	.46	.34
Rent	3.80	3.10	2.46	2.17
Heat, light and power .....	.57	.41	.42	.33
Repairs and maintenance .....	.49	.39	.35	.40
Depreciation allowances .....	.33	.52	.45	.56
Store supplies .....	.45	.35	.35	.64
Advertising	1.28	2.29	.86	1.44
Bad debts - written off .....	.04	.04	.03	.01
(Less) amount recovered	-	-	-	-
Net bad debt loss .....	.04	.04	.03	.01
All other expenses	1.91	2.18	1.79	2.62
Total operating expenses	24.13	24.67	14.13	17.23
Net trading profit before income tax deduction (a)	5.41	8.36	11.61	10.87

(a) For unincorporated stores this ratio also includes proprietors' salaries.

Table 21.--Family Shoe Stores - Financial Structure of Unincorporated Stores
by Size and Occupancy Basis, December 31, 1948

Item (¥) (Average per store)	OWNED STORES			RENTED STORES			Total all Sizes (\$20,000 and Over)
	\$20,000 to \$49,999	\$50,000 to \$99,999	Total	\$20,000 + \$49,999 Under 10 years & over	\$50,000 to \$99,999	Total	
Assets	\$	\$	\$	\$	\$	\$	\$
Current assets:							
Cash on hand or in bank	1,332	3,794	2,317	1,289	1,927	1,669	7,553
Net accounts receivable	608	498	564	488	488	488	1,867
Merchandise inventory	12,479	28,289	18,803	13,453	13,623	13,547	34,024
Other current assets	862	2,601	1,557	1,173	353	684	8,166
Total current assets	15,281	35,182	23,241	16,365	16,391	16,388	51,610
Net fixed assets	7,826	9,939	8,672	2,377	2,068	2,193	4,334
Other assets	492	2,506	1,297	228	358	305	3,501
Total assets	23,599	47,627	33,210	18,968	18,817	18,886	59,445
Liabilities and Net Worth:							
Current liabilities	5,962	8,940	7,153	6,418	4,773	5,436	19,570
Other liabilities	100	3,631	1,512	854	1,118	1,012	701
Total liabilities	6,062	12,571	8,665	7,272	5,891	6,448	20,271
Net Worth	17,537	35,056	24,545	11,716	12,926	12,438	39,174
Total Liabilities and Net Worth	23,599	47,627	33,210	18,988	18,817	18,886	59,445
Sales	27,886	72,889	45,888	32,918	32,195	32,486	139,329
Net Profit	3,450	9,104	5,711	3,572	3,493	3,525	15,145
Ratios:							
Current assets to current liabilities	2.56	3.94	3.25	2.55	3.43	3.01	2.64
Current assets to fixed assets ..	1.95	3.54	2.68	6.89	7.92	7.47	11.91
Net quick assets to net worth ..	.53	.75	.66	.85	.90	.88	.82
Liabilities to net worth .....	.35	.36	.35	.62	.46	.52	.52
Sales to net worth	1.59	2.08	1.87	2.81	2.49	2.61	3.56
Sales to fixed assets	3.56	7.33	5.29	13.85	15.57	14.81	32.15
Net profit to net worth .....	.20	.26	.23	.30	.27	.28	.39

See definitions on page 5 for more detail description.

(#) See definitions on page 5 for more detail description.

Table 22.--Family Shoe Stores - Financial Structure of Incorporated
Rented Stores by Size, December 31, 1948

Item (x) (Average per store)	RENTED STORES		
	\$50,000 to \$99,999	\$100,000 and Over	Total
<u>Assets</u>	\$	\$	\$
Current assets:			
Cash on hand or in bank	3,549	20,558	12,904
Net accounts receivable	1,024	2,716	1,955
Merchandise inventory	21,384	43,908	33,772
Other current assets	769	8,235	4,875
Total current assets	26,726	75,417	53,506
Net fixed assets	1,450	3,376	2,510
Other assets	3,395	7,175	5,474
Total assets	31,571	85,968	61,490
<u>Liabilities and Net Worth:</u>			
Current liabilities	8,115	13,304	10,969
Other liabilities	285	4,129	2,399
Total liabilities	8,400	17,433	13,368
Net Worth:			
Capital	12,078	23,750	18,498
Surplus	11,093	44,785	29,624
Total net worth	23,171	68,535	48,122
Total Liabilities and Net Worth	31,571	85,968	61,490
Sales	69,261	176,940	128,485
Net Profit	3,747	14,792	9,822
<u>Ratios:</u>			
Current assets to current liabilities	3.29	5.67	4.88
Current assets to fixed assets	18.43	22.34	21.32
Net quick assets to net worth .....	.80	.91	.88
Liabilities to net worth .....	.36	.25	.28
Sales to capital	5.73	7.45	6.95
Sales to fixed assets	47.77	52.41	51.19
Net profit to net worth .....	.16	.22	.20

(x) See definitions on page 5 for more detail description.

GOVERNMENT OF CANADA



OPERATING RESULTS AND FINANCIAL STRUCTURE
 RETAIL CLOTHING STORES
 1950

Canada
 Bureau of Statistics
 Clothing & Textiles (Retail Sales)
 Operating Results



OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL CLOTHING STORES — 1950

Published by Authority of the Rt. Hon. C. D. Howe
Minister of Trade and Commerce

Prepared in the Merchandising and Services Section
Industry and Merchandising Division
Dominion Bureau of Statistics
Ottawa

NOTICE

The Industry and Merchandising Division of the Bureau of Statistics collects and compiles figures on (a) the primary industries in Canada — mining, forestry, and fishing; (b) manufacturing; (c) construction; and (d) merchandising and services.

For the purpose of annual compilation and publication, reports on merchandising and services have been classified as follows:

Part I — Wholesale Statistics

- A Wholesale Trade, 25¢.
- * B Operating Results of Food Wholesalers, 25¢.
- * C Operating Results of Dry Goods, Piece Goods, and Footwear Wholesalers, 25¢.
- * D Operating Results of Miscellaneous Wholesalers (automotive equipment, drugs, hardware, plumbing and heating equipment), 25¢.

Part II — Retail Statistics

- E General Review, 25¢.
- F Retail Trade, 50¢.
- G Retail Chain Stores, 50¢.
- * H Operating Results of Chain Food Stores, 25¢.
- * I Operating Results of Chain Clothing Stores, 25¢.
- * J Operating Results of Miscellaneous Chain Stores (variety, drug, furniture), 25¢.
- K Operating Results of Retail Food Stores, 25¢.
- L Operating Results of Retail Clothing Stores, 25¢.
- M Operating Results of Retail Hardware, Furniture, Appliance, and Radio Stores, 25¢.
- N Operating Results of Filling Stations and Garages, 25¢.
- O Operating Results of Miscellaneous Retail Stores, 25¢.
- P Retail Consumer Credit, 25¢.

Part III — Services and Special Fields

- Q Laundries, Cleaners and Dyers, 25¢.
- R Motion Picture Theatres, Exhibitors, and Distributors, 25¢.
- S Hotels, 25¢.
- T Sales Financing, 25¢.
- U Farm Implement and Equipment Sales, 25¢.
- V New Motor Vehicle Sales and Motor Vehicle Financing, 25¢.

The reports are punched to permit of filing in a ring binder.

- * Biennial reports — not issued for 1950.

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DEFINITIONS

Profit And Loss

Net sales — represent the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Gross profit — is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting the ending inventory.

Operating expenses — are the amounts paid out for any and all expenses incurred in the operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are included in Net Profit (in independent store operations).

Taxes and Insurance — business, property and water taxes, and insurance premiums carried for the protection of the business. Income taxes and other taxes collected for remittance to governmental bodies are not included.

Rentals — monies paid for premises used only in the business.

Heat, light and power expenses — amount paid for these used during the year.

Delivery expense — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

Repairs and maintenance — incurred for the purposes of keeping fixed store assets operating efficiently (excludes capital expenditure).

Depreciation — allowances to cover decreases in the value of fixed store assets.

Store supplies — used in the business during the year — wrapping paper, office supplies, etc.

Advertising

Loss on bad debts — during the year — amount written off less old debts recovered.

Other expenses — telephone, telegraph, postage, bank charges, legal fees, collection and auditing fees etc.

Net Profit — is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals before income tax deductions.

Stock turnover — is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise

DEFINITIONS

Balance Sheet

Assets

Cash on hand — and in the bank represents the amount of cash at the end of the year.

Net accounts receivable — are all notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — represents the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary, within a reasonably short time, such as prepaid insurance, office and store supplies, Dominion of Canada Bonds.

Fixed assets (net) — is the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — Investments of a permanent nature not easily converted into cash and intangibles such as goodwill.

Liabilities And Net Worth

Current liabilities — are obligations which must be paid in the near future and represent accounts receivable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes, accrued expenses such as taxes or rent due but not yet paid, and prepaid or deferred income.

Capital stock — applicable to incorporated companies, represents the investment account of the stockholders in the capital shares of the corporation and does not exceed the amount authorized.

Surplus — applicable to corporations, includes earned surplus from operating profits, capital surplus from premiums received on the sale of capital stock, and surplus reserves.

Net worth — is the difference between total assets and total liabilities. This is composed of stock and surplus in the case of incorporated companies and in unincorporated businesses represents the proprietor's or partner's equity including undivided profits.

OPERATING RESULTS AND FINANCIAL STRUCTURE

RETAIL CLOTHING STORES—1950

INTRODUCTION

A yardstick of performance is a useful gauge in assessing the success of endeavour. When that yardstick takes the form of a statistical summary of the average operating experience of retail stores, it may not constitute an ideal pattern of operations which all retailers should set as a goal, but it does represent a reasonably useful standard by which the retailer may ascertain whether or not his operations are being conducted as effectively, economically and profitably as those of the trade in general. To the merchant whose profits are below average, the operating results summaries may help to disclose the reasons which account for this situation. Reflection and consideration on the part of the merchant make it possible to decide whether his operating methods should be altered or whether the situation is normal in the light of conditions peculiar to the location of his business.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown an interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

Statistics derived from other sources have shown that the mortality rate of business is much higher among new entrants into the field of retailing than among those established for five years or more.

There are many reasons for this, some of them associated with the natural incompetence of the initiate retailer which could not be completely overcome by means of operating statement analysis. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and of the proper allocation of costs. Where capital is

limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and provision made to check against some such standard performance as these publications provide.

This report deals with independent retail clothing stores, results for which are shown for unincorporated and incorporated stores separately. The trades covered are:

1. Men's clothing stores
2. Women's clothing stores
3. Family clothing stores
4. Family shoe stores

There are analyses of:

1. Profit and loss statements
2. Balance sheet summaries

Profit and loss data are shown for owned and rented stores separately, and for various sales-size classes.

Balance sheet data, which was added in 1948, is continued in this 1950 study. This information is presented by size and occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further breakdown has been made between businesses in operation less than 10 years and those in business 10 years or more. An important change from the 1948 data is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between fixed assets and the sales produced by those assets than was possible when all fixed assets of the proprietor were reported as one item.

The same basic sample of firms is used in this series although the sample varies slightly in each survey year. There is, however, a high degree of continuity among the respondents and it is believed that no serious distortion arises out of any change in responding firms. For the most part, successive surveys have provided an increasing response rate, an encouraging feature from the standpoint of accuracy and, it is believed, an indication of the growing realization on the part of merchants of the value of these statistics.

Comparison of Main Items by Trades

A comparison of certain items between the four clothing trades is presented in this section. All information has been tabulated by form of organization, that is, as between unincorporated and incorporated businesses. In the incorporated class, all executive

salaries are included with the salary and wage expense item so that the net profit shown includes only income tax. In addition to a trade comparison, results are shown for previous years for which information is available.

Average Gross and Net Profits of Unincorporated Retail Clothing Stores
1941, 1944-1946, 1948, 1950

Year	Men's clothing		Women's clothing		Family clothing		Shoe stores	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
1941	27.7	15.3	27.5	9.4	(not available)		26.3	9.3
1944	27.2	12.3	27.9	11.8	24.3	11.1	27.6	12.6
1945	27.5	13.5	27.7	11.5	24.8	11.5	27.3	13.9
1946	26.9	13.7	27.1	10.9	23.8	10.7	26.8	12.5
1948	25.9	11.9	25.8	10.4	23.4	10.0	26.6	11.5
1950	26.8	10.3	26.8	7.7	24.4	8.7	27.4	10.6

Note: Net profit is before deduction of proprietors' salaries and income tax.

Average Gross and Net Profits of Incorporated Clothing Stores
1945, 1946, 1948 and 1950

Year	Men's clothing		Women's clothing		Family clothing		Shoe stores	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
1945	31.5	11.0	30.5	7.3	29.1	7.8	31.9	9.5
1946	30.5	9.8	29.2	6.2	29.3	8.3	31.8	8.2
1948	28.6	6.4	28.5	5.1	28.8	6.0	32.1	7.6
1950	29.8	4.8	29.0	2.1	29.6	3.6	32.0	4.8

Note: Net profit includes income tax.

Unincorporated stores operated on gross profits ranging from 27.4% of net sales to 24.4% in 1950. Family clothing stores have consistently operated on smaller gross profits (in ratio to sales) than the other three trades. The other three trades were quite similar in respect of gross profit percentages, ranging from 26.8% to 27.4% in 1950. All four trades operated on gross profits slightly higher in 1950 than in 1948. In all cases net profit ratios were smaller in 1950 than in previous years.

Incorporated stores showed higher ratios of gross profit than did unincorporated. In this type, women's clothing stores were slightly below the other trades at 29.0% of net sales in 1950. Shoe stores operated on the highest ratio of gross profit in 1950 at 32.0% of net sales. Similar to unincorporated firms, net profits were lower in relationship to sales in 1950 than in the previous years shown. Net profits of the clothing trades ranged from 2.1% of sales in women's clothing stores to 4.8% of net sales for incorporated shoe stores and men's clothing stores.

Stock Turnover Rate¹ of Clothing Stores 1941, 1944-1946, 1948, 1950

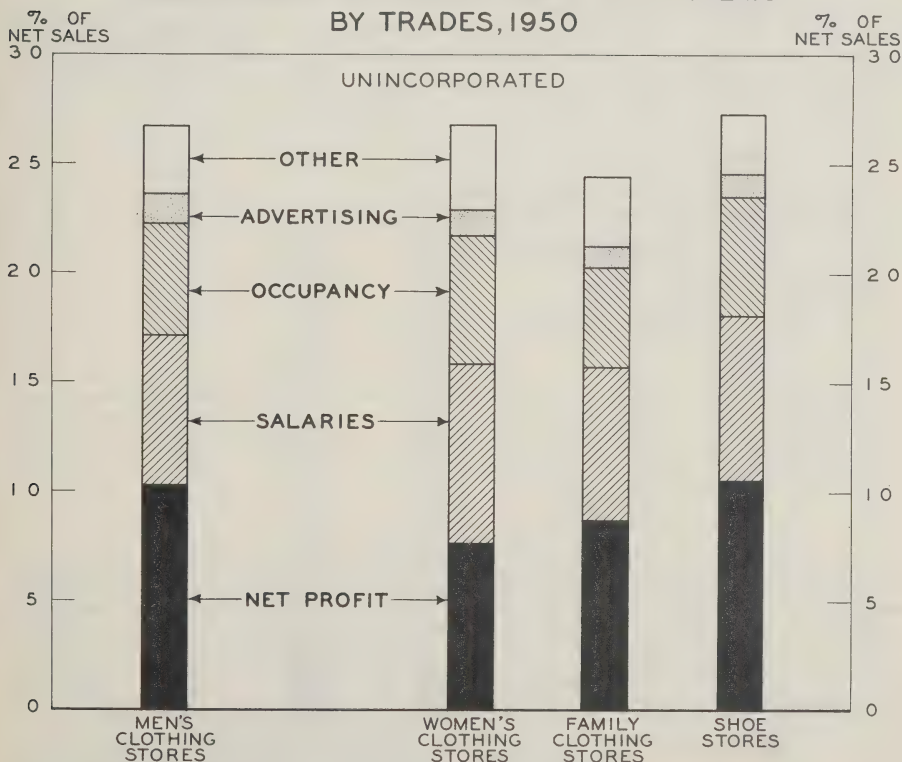
Year	Unincorporated				Incorporated			
	Men's clothing	Women's clothing	Family clothing	Shoes	Men's clothing	Women's clothing	Family clothing	Shoes
1941	2.1	4.1		2.1		(not available)		
1944	2.7	4.6	3.0	2.9				
1945	3.5	4.8	3.1	3.0	4.1	5.7	3.7	4.2
1946	3.6	4.6	3.2	2.9	4.1	5.2	4.0	4.0
1948	2.7	4.6	2.7	2.2	2.9	6.1	3.3	2.6
1950	2.1	3.5	2.2	1.9	2.4	4.0	2.7	2.1

1. Times per year.

In both unincorporated and incorporated stores, stock was sold and replaced more rapidly in women's clothing stores, at 3.5 times and 4.0 times a year respectively than in the other clothing trades. The turnover rate was slowest in shoe stores. Incorporated stores have maintained a faster stock turnover

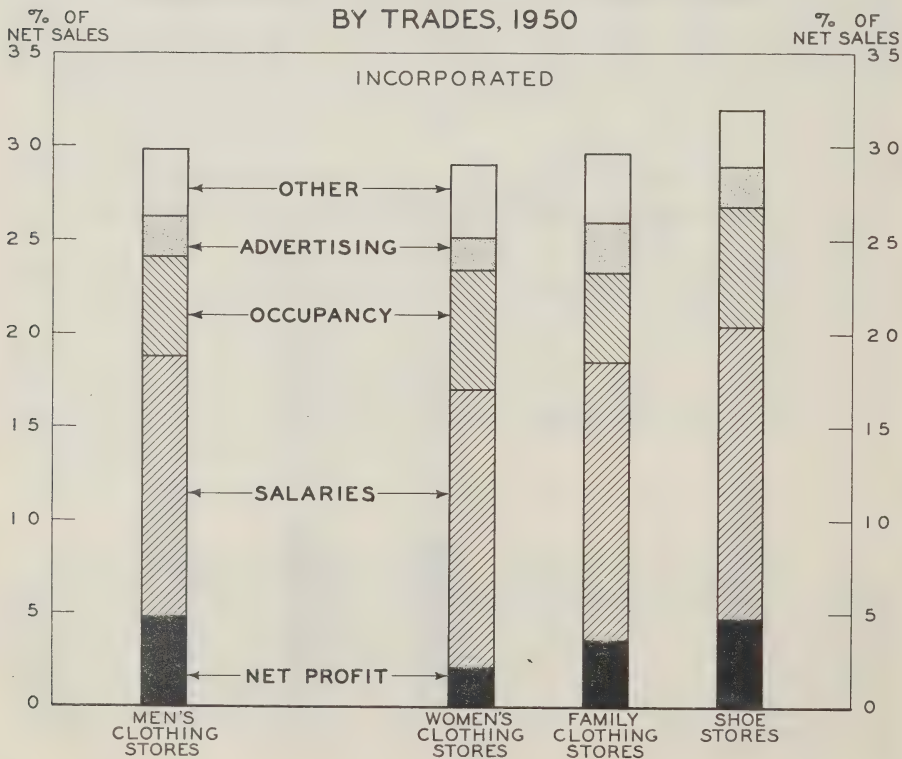
rate in all four trades for the years for which figures are available than have unincorporated stores. In all trades the rate has been slackening as merchandise has become more plentiful and the 1950 figures are the lowest of any year covered in this series.

COMPARISON OF PROFIT AND LOSS ITEMS BY TRADES, 1950



Average Operating Expenses of Clothing Stores, 1950

Item	Unincorporated				Incorporated			
	Men's clothing	Women's clothing	Family clothing	Shoes	Men's clothing	Women's clothing	Family clothing	Shoes
(Items expressed as percentages of net sales)								
Salaries	6.89	8.19	7.08	7.60	13.96	14.85	14.89	15.62
Occupancy	5.12	5.87	4.54	5.36	5.33	6.43	4.79	6.43
Store supplies .....	.60	.62	.50	.53	.57	.67	.75	.63
Advertising	1.34	1.11	1.01	1.10	2.15	1.71	2.69	2.07
All other	2.56	3.31	2.60	2.21	2.99	3.20	2.96	2.43
Total	16.51	19.10	15.73	16.80	25.00	26.86	26.08	27.18

COMPARISON OF PROFIT AND LOSS ITEMS
BY TRADES, 1950

The larger ratios of salaries in the incorporated stores is caused by the inclusion of all executive salaries as compared to the unincorporated type where proprietors' salaries are not part of operating expenses. Incorporated firms paid slightly more for occupancy than did the respective trades in the unincorporated class. Women's clothing stores and shoe stores spent more of their sales dollar on occupancy than did the other trades. Incorporated firms also spent more proportionately on advertising than did

the proprietors of unincorporated stores. Incorporated family clothing stores registered the highest advertising ratio at 2.69% of net sales and unincorporated family clothing stores the lowest at 1.01% of net sales. In the unincorporated group, women's clothing had the greatest total expense in ratio to sales, 19.10%, and family clothing stores the lowest at 15.73%. Incorporated stores showed total 1950 expenses ranging from 25.00% of net sales for men's clothing stores to 27.18% for family shoe stores.

Financial Ratios of Clothing Stores as at December 31, 1950
Unincorporated

Ratio	Owned				Rented			
	Men's clothing	Women's clothing	Family clothing	Shoes	Men's clothing	Women's clothing	Family clothing	Shoes
Current assets to current liabilities.....	2.87	2.65	3.12	3.02	2.67	2.19	2.75	2.81
Current assets to fixed assets	2.18	1.27	2.46	2.47	7.33	5.98	8.25	11.57
Net quick assets to net worth .....	.63	.49	.70	.69	.83	.79	.91	.91
Sales to fixed assets used in the business	4.34	3.71	5.31	6.01	29.63	31.59	47.35	43.93
Liabilities to net worth .....	.48	.46	.50	.52	.58	.79	.65	.56

Incorporated

Ratio	Rented			
	Men's Clothing	Women's Clothing	Family Clothing	Shoes
Current assets to current liabilities.....	2.82	2.38	2.82	2.59
Current assets to fixed assets	14.75	7.72	10.46	10.06
Net quick assets to net worth .....	.84	.78	.89	.88
Sales to fixed assets used in the business	33.01	23.91	25.83	30.27
Liabilities to net worth .....	.55	.65	.57	.70

All trades reported current assets amounting to more than twice the amount of current liabilities at the end of 1950. The ratio was highest in unincorporated owned family clothing stores at 3.12 and lowest in unincorporated rented women's clothing stores at 2.19. Over 50% of net worth was in the form of current assets free from current obligation for all except one occupancy segment of unincorporated and incorporated stores.

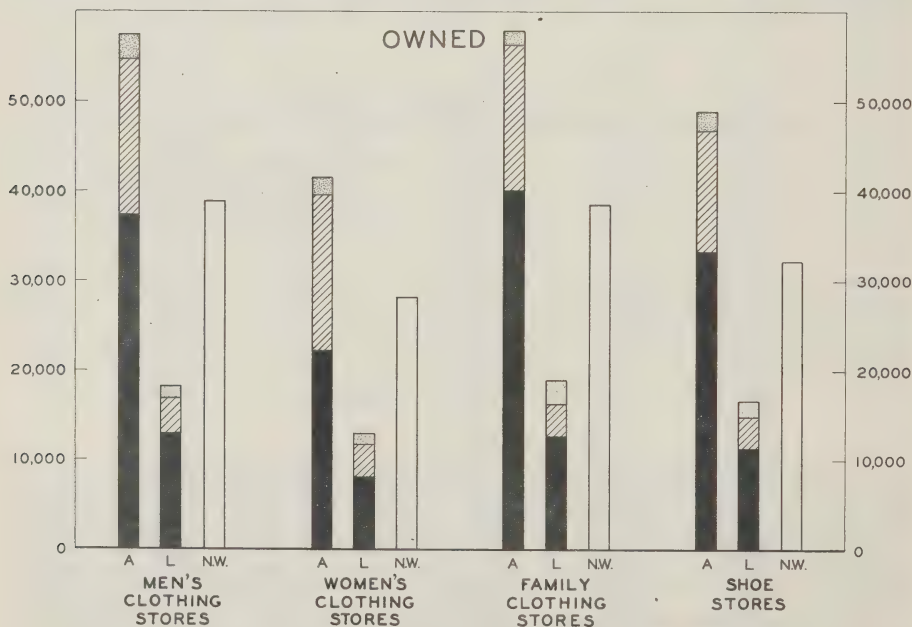
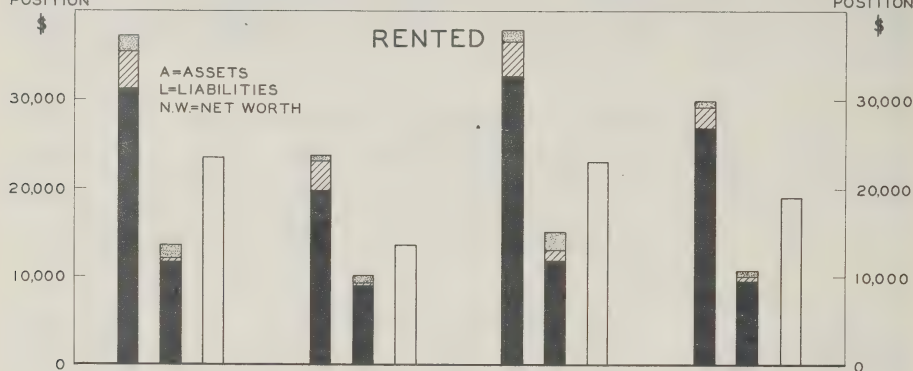
In the unincorporated owned section, shoe stores utilized fixed assets to the best advantage in producing sales with a ratio of \$6.01 sales for every \$1.00 of fixed assets used in the business. Family

clothing stores held the highest ratio in the unincorporated rented segment at 47.35. Here, fixed assets used in the business comprise furniture, fixtures and equipment. The absence of real estate produced a higher ratio than in the owned category. In the incorporated field, for which only results of rented stores are shown, men's clothing stores reported more sales per dollar of store fixed assets than the other trades. The four clothing trades were very uniform in the ratio of liabilities to net worth. Over the occupancy classes of unincorporated and incorporated stores, liabilities formed from 46% to 79% of net worth.

COMPARISON OF FINANCIAL STRUCTURE BY TRADES

AVERAGE FINANCIAL POSITION DECEMBER 31, 1950

TOTAL ASSETS=TOTAL LIABILITIES + NET WORTH

AVERAGE
FINANCIAL
POSITIONAVERAGE
FINANCIAL
POSITION

CURRENT-ASSETS
OR LIABILITIES

FIXED-ASSETS
OR LIABILITIES

OTHER-ASSETS
OR LIABILITIES

Men's Clothing Stores

A general line of men's clothing and furnishings stores are included in this classification. Specialized stores such as hat shops and custom tailors are not included.

Profit and loss information suitable for tabulation was received from 531 stores. The results are shown for owned and rented stores by five sales-size classes. Incorporated firms have been tabulated separately from unincorporated stores with 147 such reports used to obtain the results. Operating losses were reported by 24 of these 147 firms. In this type, there were only sufficient reports in the three largest

sizes of rented stores and in the owned class with sales of \$100,000 and over to permit publication of results.

Balance Sheet data were tabulated for stores with sales of \$20,000 and over. For the three size groups, 381 returns from unincorporated stores were used. There were sufficient rented stores to permit a further breakdown by age of business in all three size classes. Results for owned stores are not shown by age. Incorporated firms submitted 134 satisfactory returns on the balance sheet, results for which are shown for three sizes of rented stores and for owned stores with sales of \$100,000 and over.

Operating Results

Greater gross profits, in relation to sales, were obtained in 1950 than in 1948 in both unincorporated and in incorporated stores.

However, 1950 operating expenses more than offset this gain in margin to produce smaller percentages of net profit — from 11.91% of sales in 1948 to 10.26% in 1950 for unincorporated stores and from 6.45% to 4.80% for incorporated firms.

All occupancy and size segments showed greater dollar volume of stock on hand at the end of the year than at the beginning.

Stock was sold and replaced more often in the larger than in the smaller stores, ranging from less than once a year to 2.59 times in unincorporated stores and from 1.99 times to 2.60 times a year in the incorporated type of business.

The average ratio of current assets to current liabilities exceeded 2 to 1 in three of the four type and occupancy sections of this trade.

The lessee proprietor with ten or more years business experience was generally in a better financial position than the merchant with less than 10 years operations. The older business recorded higher ratios of current assets to current liabilities and showed higher average net worth.

Financial Ratios of Men's Clothing Stores as at December 31, 1950

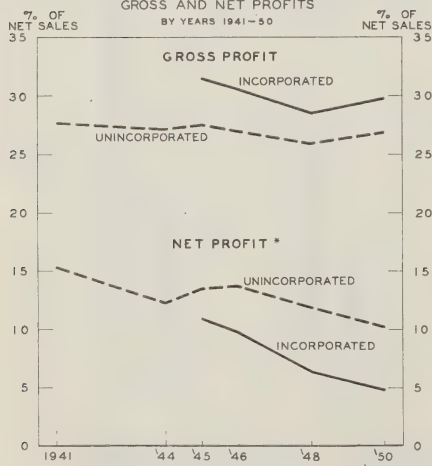
Ratio	Unincorporated		Incorporated	
	Owned	Rented	Owned	Rented
Current assets to current liabilities.....	2.87	2.67	1.80	2.82
Current assets to fixed assets	2.18	7.33	1.94	14.75
Net quick assets to net worth .....	.63	.83	.47	.84
Sales to fixed assets used in the business.....	4.34	29.63	3.75	33.01
Liabilities to Net Worth .....	.48	.58	.87	.55

Operating Results of Men's Clothing Stores 1948 and 1950 Compared

Item	Unincorporated		Incorporated	
	1948	1950	1948	1950
Number of stores reporting	345	531	103	147
Average net sales\$	68,623	58,245	157,631	138,938
Profit and Loss Data (Percentage of net sales)				
Gross profit	25.91	26.77	28.62	29.80
Operating expenses:				
Employees' salaries	6.19	6.89	12.66	13.96
Occupancy	3.92	5.12	4.64	5.33
Store supplies .....	.50	.60	.57	.57
Advertising	1.01	1.34	1.69	2.15
All other expenses	2.38	2.56	2.61	2.99
Total operating expenses	14.00	16.51	22.17	25.00
Net profit before deduction of income tax ¹	11.91	10.26	6.45	4.80

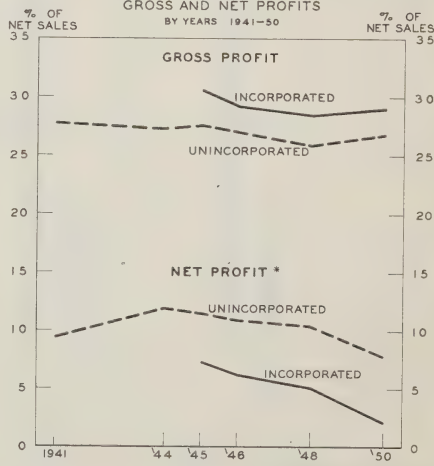
1. For unincorporated stores this ratio also includes proprietors' salaries.

MEN'S CLOTHING STORES
GROSS AND NET PROFITS
BY YEARS 1941-50



* INCLUDES INCOME TAX AND UNINCORPORATED PROPRIETORS' SALARIES

WOMEN'S CLOTHING STORES
GROSS AND NET PROFITS
BY YEARS 1941-50



* INCLUDES INCOME TAX AND UNINCORPORATED PROPRIETORS' SALARIES

TABLE 1. Men's Clothing Stores—Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1950

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting.....	7	15	63	33	20	13	47	157	124	52
Average net sales per store..... \$	7,171	15,566	32,688	71,885	157,362	7,334	15,694	33,934	68,969	160,627
Average cost of goods sold..... \$	5,070	11,302	24,763	52,220	115,303	5,155	11,546	24,826	50,907	116,015
Average beginning inventory.... \$	6,726	5,951	13,305	25,797	52,861	4,637	7,384	12,389	21,801	42,692
Average inventory, end of year \$	6,545	7,305	14,236	27,941	55,012	4,195	7,664	13,962	23,535	46,944
Stock turnover (times per year)	76	1.71	1.80	1.94	2.14	1.17	1.53	1.88	2.26	2.59
Profit And Loss Data (Per cent of net sales)										
Gross profit.....	29.29	27.40	24.24	27.35	26.73	29.71	26.43	26.83	26.19	27.77
Operating expenses:										
Employees' salaries and wages	1.70	5.18	5.06	6.86	9.53	3.65	3.60	4.87	6.52	8.44
Taxes.....	2.54	1.58	1.01	.86	.77	.37	.44	0.41	.27	.25
Insurance.....	1.90	1.04	.78	.79	.63	.65	.68	0.68	.55	.50
Rent.....	—	—	—	—	—	6.37	5.10	3.70	2.80	2.25
Heat, light and power.....	2.36	1.44	.98	.74	.59	1.66	.89	.74	.48	.45
Repairs and maintenance.....	1.97	1.79	.71	.55	.48	1.12	.31	.52	.46	.35
Depreciation allowances.....	.97	1.47	1.21	1.31	1.09	1.13	.57	.69	.72	.69
Store supplies.....	1.05	.73	.58	.50	.41	.66	.62	.55	.62	.69
Advertising.....	.15	.58	.64	1.15	1.59	.98	.73	1.05	1.22	1.86
Bad debts—written off.....	—	.04	.17	.26	.14	.05	.16	.13	.18	.16
(Less) amount recovered.....	—	—	.02	.05	.02	.04	.06	.01	.01	.03
Net bad debt loss.....	—	.04	.15	.21	.12	.01	.10	.12	.17	.13
All other expenses.....	1.80	2.40	2.29	2.47	2.48	2.54	2.54	2.77	2.46	2.15
Total operating expenses.....	14.44	15.25	13.41	13.44	17.69	18.14	15.58	16.10	16.27	17.76
Net trading profit before proprietors' salaries and income tax deduction....	14.85	12.15	10.83	11.91	9.04	11.57	10.85	10.73	9.92	10.01

TABLE 2. Men's Clothing Stores—Operating Results of Incorporated Stores, 1950

Item	Owned stores with sales \$100,000 and over	Rented stores with annual net sales of		
		\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting.....	10	17	45	67
Average net sales per store..... \$	235,463	41,959	73,891	203,365
Average cost of goods sold..... \$	168,251	29,161	53,197	141,350
Average beginning inventory..... \$	58,673	14,103	25,656	50,335
Average inventory, end of year..... \$	70,911	14,867	27,773	59,711
Stock turnover (times per year).....	2.60	2.01	1.99	2.57
Profit And Loss Data (Per cent of net sales)				
Gross profit.....	28.54	30.50	28.01	30.49
Operating expenses:				
Employees salaries and wages.....	14.20	17.28	14.37	13.59
Taxes.....	.83	.40	.38	.31
Insurance.....	.54	.69	.60	.45
Rent.....	—	4.27	3.53	3.04
Heat, light and power.....	.48	.63	.62	.50
Repairs and maintenance.....	.69	.41	.36	.34
Depreciation allowances.....	1.54	.88	.47	.69
Store supplies.....	.47	.50	.59	.56
Advertising.....	1.93	1.73	1.48	2.38
Bad debts—written off.....	.23	.12	.18	.54
(Less) amount recovered.....	.05	—	.07	.17
Net bad debt loss.....	.18	.12	.11	.27
All other expenses.....	3.10	2.78	2.81	2.59
Total operating expenses.....	23.96	29.69	25.32	24.82
Net trading profit before income tax deduction.....	4.58	.81	2.69	5.67

TABLE 3. Men's Clothing Stores—Owned—Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of			Total, all sizes (owned)
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	
Assets				
Current assets:				
Cash on hand and in bank	3,211	7,148	6,890	5,319
Accounts and notes receivable (net)	974	3,050	5,422	2,628
Merchandise inventory	14,728	26,837	51,038	26,615
Other current assets:				
Government bonds and securities	2,950	3,055	3,083	3,014
Prepaid expenses	48	101	195	97
Total current assets	21,911	40,191	66,628	37,673
Fixed assets (net):				
Used in the business	7,992	16,082	32,483	15,984
Not used in the business	1,273	1,246	1,247	1,259
Total net fixed assets	9,265	17,328	33,730	17,243
Other assets:				
Investments of a permanent nature	1,378	1,718	3,944	2,046
Other, such as goodwill	177	808	2,089	800
Total other assets	1,555	2,526	6,033	2,846
Total assets	32,731	60,045	106,391	57,762
Liabilities				
Current liabilities—accounts and notes payable	5,538	14,073	27,436	13,118
Fixed liabilities—mortgages on fixed assets:				
Used in the business	1,650	2,994	10,308	3,970
Not used in the business	155	197	333	208
Other liabilities	925	2,737	169	1,365
Total liabilities	8,268	20,001	38,246	18,661
Net worth—proprietor's or partners' equity in the business	24,463	40,044	68,145	39,101
Total liabilities and net worth	32,731	60,045	106,391	57,762
Number of stores reporting	50	37	24	111
Average net sales of stores reporting	33,056	71,179	142,559	69,440

1. See definitions on page L-5 for more detail.

TABLE 4. Men's Clothing Stores—Rented—Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of									Total all sizes (rented)
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank.....	1,646	2,504	2,085	3,337	6,140	4,838	6,885	14,773	12,210	4,594
Accounts and notes receivable (net).....	1,143	718	926	2,272	3,453	2,904	7,433	6,960	7,114	2,568
Merchandise inventory.....	12,731	15,003	13,893	24,191	22,936	23,519	53,368	42,164	45,805	22,150
Other current assets:										
Government bonds and securities	1,263	1,544	1,406	777	2,353	1,621	148	3,771	2,593	1,661
Prepaid expenses.....	123	95	109	289	157	218	562	1,839	1,424	344
Total current assets	16,906	19,864	18,419	30,866	35,039	33,100	68,396	69,507	69,146	31,317
Fixed assets (net):										
Used in the business	1,598	1,308	1,450	3,614	1,534	2,500	5,186	3,580	4,102	2,228
Not used in the business	1,504	2,683	2,107	328	1,859	1,148	10,174	1,094	4,045	2,042
Total net fixed assets	3,102	3,991	3,557	3,942	3,393	3,648	15,360	4,674	8,147	4,270
Other assets:										
Investments of a permanent nature	32	593	319	409	1,101	779	—	7,083	4,781	1,149
Other, such as goodwill	279	156	216	816	554	676	1,691	1,862	1,806	620
Total other assets	311	749	535	1,225	1,655	1,455	1,691	8,945	6,587	1,769
Total assets	20,319	24,604	22,511	36,033	40,087	38,203	85,447	83,126	83,880	37,356

TABLE 4. Men's Clothing Stores—Rented—Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1950—Concluded

Item ¹ (Average per store)	Stores with annual net sales of									Total all sizes (rented)
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Liabilities										
Current liabilities—accounts and notes payable..	7, 078	6, 219	6, 639	17, 206	10, 622	13, 681	34, 592	18, 342	23, 623	11, 737
Fixed liabilities—mortgages on fixed assets:										
Used in the business	100	79	89	100	—	46	—	143	96	74
Not used in the business	631	884	760	—	483	259	—	370	250	501
Other liabilities	1, 795	946	1, 361	2, 394	820	1, 552	1, 437	1, 141	1, 237	1, 413
Total liabilities	9, 604	8, 128	8, 849	19, 700	11, 925	15, 538	36, 029	19, 996	25, 206	13, 725
Net worth—proprietor's or partners' equity in the business	10, 715	16, 476	13, 662	16, 333	28, 162	22, 665	49, 418	63, 130	58, 674	23, 631
Total liabilities and net worth	20, 319	24, 604	22, 511	36, 033	40, 087	38, 203	85, 447	83, 126	83, 880	37, 356
Number of stores reporting	64	67	131	46	53	99	13	27	40	270
Average net sales of stores reporting	34, 159	34, 451	34, 308	69, 315	69, 746	69, 546	164, 532	159, 379	161, 054	66, 000

1. See definitions on page L-5 for more detail.

TABLE 5. Men's Clothing Stores—Financial Structure of Incorporated Stores by Size and Occupancy as at December 31, 1950

Item ¹ (Average per store)	Owned stores		Rented stores			Total all sizes (rented)
	With sales of \$100,000 and over	Total all sizes (owned)	Stores with annual net sales of			
			\$20,000- \$49,999	\$50,000- \$99,999	\$100,000- and over	
Assets						
Current assets:						
Cash on hand and in bank.....	13,283	10,230	2,929	4,351	11,346	7,889
Account and notes receivable (net).....	15,104	14,449	1,323	3,355	15,261	9,423
Merchandise inventory.....	62,227	50,622	14,568	28,634	61,232	44,212
Other current assets:						
Government bonds and securities	1,892	4,189	800	2,987	7,312	5,015
Prepaid expenses.....	2,523	1,679	236	479	1,581	1,034
Total current assets	95,029	81,169	19,856	39,806	96,732	67,573
Fixed assets (net):						
Used in the business.....	60,574	41,675	1,775	2,740	5,872	4,284
Not used in the business	160	93	—	433	274	296
Total net fixed assets	60,734	41,768	1,775	3,173	6,146	4,580
Other assets:						
Investments of a permanent nature	11,781	6,844	7	1,031	3,576	2,257
Other, such as goodwill	21,510	14,486	7,723	964	8,533	5,801
Total other assets	33,291	21,330	7,730	1,995	12,109	8,058
Total assets	189,054	144,267	29,361	44,974	114,987	80,211
Liabilities						
Current liabilities—accounts and notes payable.....	56,014	45,078	8,523	13,938	34,048	23,945
Fixed liabilities—mortgages on fixed assets:						
Used in the business	23,836	15,536	—	—	128	68
Not used in the business	—	—	—	250	39	108
Other liabilities	8,729	6,479	769	4,164	5,402	4,408
Total liabilities	88,579	67,093	9,292	18,352	39,617	28,529
Net worth:						
Capital stock	45,918	38,118	13,314	13,273	24,184	19,066
Surplus and undivided profits.....	54,557	39,056	6,755	13,349	51,186	32,616
Total net worth.....	100,475	77,174	20,069	26,622	75,370	51,682
Total liabilities and net worth	189,054	144,267	29,361	44,974	114,987	80,211
Number of stores reporting	11	19	14	40	61	115
Average net sales of stores reporting.....	231,475	156,372	43,323	76,400	206,563	141,411

1. See definitions on page L-5 for more detail.

Women's Clothing Stores

Stores in this classification deal principally in women's coats, suits and dresses with related lines of accessories. Specialty stores such as hosiery shops, millinery stores and furriers are not included in this study.

Reports suitable for profit and loss data were received from 459 unincorporated stores and 99 incorporated firms, 37 of the latter reporting operating losses for 1950. Results for unincorporated stores

are presented by five sales-size ranges for owned and rented stores. Incorporated firms reporting fell into the three largest size classes of rented stores.

Balance sheet data were obtainable from 303 stores of the unincorporated type and from 83 incorporated firms. This information was tabulated for the three largest size classes (\$20,000 and over) and by age of business within the size and occupancy brackets where possible.

Operating Results

Both unincorporated and incorporated types of women's clothing stores realized greater gross profits, in ratio to sales, on their 1950 operations than they did on their 1948 experiences.

Higher percentages of operating expenses reduced any gain in gross profit to produce lower net profits. Net profit of unincorporated stores dropped from 10.36% of net sales in 1948 to 7.66% in 1950 and for incorporated stores the decrease was from 5.09% in 1948 to 2.11% in 1950.

Gross profit ratios decreased as size of business increased; salaries and advertising increased proportionately with sales while other expenses

were generally smaller in relation to sales in the larger stores.

All size classes, except the under \$10,000 group, reported greater dollar volume inventory at the end of the year than at the beginning.

The operator of the average women's clothing store had more than \$2.00 current assets for every \$1.00 current liabilities at the end of 1950.

Every \$1.00 invested in store fixed assets produced \$3.71 sales for the unincorporated owner-proprietor and \$31.59 sales for the lessee-merchant. The average incorporated firm operating from rented premises transacted \$23.91 sales for every \$1.00 of fixed store assets.

Financial Ratios of Women's Clothing Stores as at December 31, 1950

Ratio	Unincorporated		Incorporated
	Owned	Rented	Rented
Current assets to current liabilities.....	2.65	2.19	2.38
Current assets to fixed assets.....	1.27	5.98	7.72
Net quick assets to net worth.....	.49	.79	.78
Sales to fixed assets used in the business.....	3.71	31.59	23.91
Liabilities to net worth.....	.46	.79	.65

Operating Results of Women's Clothing Stores 1948 and 1950 Compared

Item	Unincorporated		Incorporated	
	1948	1950	1948	1950
Number of stores reporting.....	467	459	90	99
Average net sales..... \$	51,868	47,929	124,756	118,613
Profit And Loss Data (Percentage of net sales)				
Gross Profit.....	25.80	26.76	28.44	28.97
Operating expenses:				
Employees' salaries.....	6.63	8.19	13.26	14.85
Occupancy.....	4.58	5.87	5.02	6.43
Store supplies.....	.58	.62	.72	.67
Advertising.....	.61	1.11	1.38	1.71
All other expenses.....	2.84	3.31	2.97	3.20
Total operating expenses	15.44	19.10	23.35	26.86
Net profit before deduction of income tax ¹	10.36	7.66	5.09	2.11

1. For unincorporated stores this ratio also includes proprietors' salaries.

See also chart on page L-14.

TABLE 6. Women's Clothing Stores—Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1950

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting.....	8	25	53	20	10	14	66	146	87	30
Average net sales per store..... \$	7,707	15,744	33,663	71,864	146,737	7,585	15,490	34,316	68,398	158,865
Average cost of goods sold..... \$	5,615	11,213	25,397	53,855	107,458	5,286	10,901	24,794	50,071	117,319
Average beginning inventory..... \$	4,170	4,801	10,184	14,789	22,384	2,863	5,130	8,524	11,316	20,751
Average inventory, end of year..... \$	3,950	5,166	11,141	15,108	24,113	2,832	5,405	9,560	12,138	22,609
Stock turnover (times per year).....	1.38	2.25	2.38	3.60	4.62	1.86	2.07	2.74	4.27	5.41
Profit and Loss Data (Per cent of net sales)										
Gross profit.....	27.15	28.78	24.56	25.06	26.77	30.31	29.62	27.75	26.79	26.15
Operating expenses:										
Employees' salaries and wages.....	2.08	4.35	5.82	8.86	9.62	4.67	6.56	7.34	8.52	9.75
Taxes.....	3.41	1.48	1.21	0.86	0.66	0.42	0.48	0.34	0.31	0.27
Insurance.....	0.65	0.76	0.80	0.66	1.35	0.56	0.58	0.51	0.45	0.52
Rent.....	—	—	—	—	—	8.46	5.07	3.89	3.41	2.59
Heat, light and power.....	2.44	1.77	1.11	0.82	0.67	1.64	1.12	0.74	0.57	0.53
Repairs and maintenance.....	0.80	0.92	0.84	0.77	0.61	0.38	0.48	0.54	0.49	0.37
Depreciation allowance.....	1.62	2.10	1.51	1.10	1.60	0.26	0.50	0.58	0.74	0.89
Store supplies.....	0.43	0.94	0.77	0.61	0.61	1.00	0.75	0.50	0.59	0.58
Advertising.....	0.77	0.73	0.62	0.99	1.28	0.54	0.51	0.80	1.07	1.81
Bad debts—written off.....	—	—	0.09	0.14	—	—	0.21	0.10	0.13	0.23
(Less) amount recovered.....	—	—	—	0.03	—	—	0.01	0.01	0.03	0.05
Net bad debt loss.....	—	—	0.09	0.11	—	—	0.20	0.09	0.10	0.18
All other expenses.....	2.76	3.58	3.41	3.10	3.42	2.49	2.63	3.28	3.11	3.21
Total operating expenses.....	14.96	16.63	16.18	17.88	19.82	20.42	18.88	18.71	19.36	20.70
Net trading profit before proprietors' salaries and income tax deduction.....	12.19	12.15	8.38	7.18	6.95	9.89	10.74	9.04	7.43	5.45

TABLE 7. Women's Clothing Stores—Operating Results of Incorporated Rented Stores, 1950

Item	Stores with annual net sales of		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting.....	19	35	39
Average net sales per store..... \$	39,449	75,445	201,219
Average cost of goods sold..... \$	26,847	53,588	143,329
Average beginning inventory..... \$	11,699	17,832	27,859
Average inventory, end of year..... \$	12,038	19,111	29,655
Stock turnover (times per year).....	2.26	2.90	4.98
Profit and Loss Data (Per cent of net sales)			
Gross profit.....	31.95	28.97	28.77
Operating expenses:			
Employees' salaries and wages.....	17.61	16.02	14.30
Taxes.....	0.78	0.67	0.34
Insurance.....	0.68	0.59	0.49
Rent.....	5.82	4.27	3.02
Heat, light and power.....	0.90	0.69	0.51
Repairs and maintenance.....	0.53	0.51	0.59
Depreciation allowances.....	0.54	0.93	0.94
Store supplies.....	0.56	0.64	0.69
Advertising.....	1.21	0.96	1.96
Bad debts—written off.....	1.15	0.12	0.14
(Less) amount recovered.....	0.06	—	0.02
Net bad debt loss.....	0.09	0.12	0.12
All other expenses.....	4.33	3.32	2.86
Total operating expenses.....	33.05	28.72	25.82
Net trading profit before income tax deduction.....	1.10 ¹	.25	2.95

1. Operating loss.

TABLE 8. Women's Clothing Stores—Owned—Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of					Total, all sizes
	\$20,000-\$49,999			\$50,000- \$99,999	\$100,000 and over	
	Under 10 years	10 years and over	Total			
Assets						
Current assets:						
Cash on hand and in bank	1,531	2,400	2,129	4,148	8,355	3,445
Accounts and notes receivable (net)	1,993	898	1,240	2,773	7,807	2,475
Merchandise inventory	10,573	10,505	10,526	15,013	24,113	13,419
Other current assets:						
Government bonds and securities	347	1,272	983	4,951	6,268	2,678
Prepaid expenses	38	391	281	204	303	264
Total current assets	14,482	15,466	15,159	27,089	46,846	22,281
Fixed assets (net):						
Used in the business	8,331	11,968	10,832	19,763	30,731	15,672
Not used in the business	649	1,237	1,053	3,157	3,434	1,898
Total net fixed assets	8,980	13,205	11,885	22,920	34,165	17,570
Other assets:						
Investments of a permanent nature	—	876	602	1,781	2,002	1,084
Other, such as goodwill	302	858	684	274	1,190	644
Total other assets	302	1,734	1,286	2,055	3,192	1,728
Total assets	23,764	30,405	28,330	52,064	84,203	41,579
Liabilities						
Current liabilities—accounts and notes payable	6,059	4,858	5,234	10,520	19,313	8,395
Fixed liabilities—mortgages on fixed assets						
Used in the business	4,224	3,269	3,567	3,451	3,000	3,465
Not used in the business	—	138	95	165	—	101
Other liabilities	1,148	1,535	1,414	83	1,640	1,101
Total liabilities	11,431	9,800	10,310	14,219	23,953	13,062
Net worth—Proprietor's or partners' equity in the business	12,333	20,605	18,020	37,845	60,250	28,517
Total liabilities and net worth	23,764	30,405	28,330	52,064	84,203	41,579
Number of stores reporting	15	33	48	20	10	78
Average net sales of stores reporting	30,759	34,496	33,328	73,356	146,737	58,131

1. See definitions on page L-5 for more detail.

TABLE 9. Women's Clothing Stores—Rented—Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of							Total, all sizes (Rented)
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
Assets								
Current assets:								
Cash on hand and in bank	1,719	2,001	1,875	3,406	4,877	4,490	3,465	2,956
Accounts and notes receivable (net)	1,037	1,411	1,244	2,542	2,802	2,733	12,826	3,189
Merchandise inventory	9,835	8,619	9,162	13,674	11,428	12,020	22,823	11,827
Other current assets:								
Government bonds and securities	997	1,541	1,298	1,232	1,332	1,305	4,271	1,671
Prepaid expenses	53	124	93	107	240	205	815	220
Total current assets	13,641	13,696	13,672	20,961	20,679	20,753	44,200	19,863
Fixed assets (net):								
Used in the business	1,139	949	1,034	3,178	1,734	2,114	5,191	1,916
Not used in the business	1,841	1,013	1,382	1,200	913	989	2,816	1,403
Total net fixed assets	2,980	1,962	2,416	4,378	2,647	3,103	7,807	3,319
Other assets:								
Investments of a permanent nature	445	52	227	176	108	126	1,335	331
Other, such as goodwill	296	455	384	694	200	330	166	338
Total other assets	741	507	611	870	308	456	1,501	669
Total assets	17,362	16,165	16,699	26,209	23,634	24,312	53,508	23,851

TABLE 9. Women's Clothing Stores—Rented—Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of							Total, all sizes (Rented)
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
Liabilities								
Current liabilities—accounts and notes payable	5,309	5,136	5,213	12,432	8,373	9,441	24,786	9,077
Fixed liabilities—mortgages on fixed assets	—	—	—	—	—	—	343	42
Used in the business	784	78	393	250	138	167	—	268
Not used in the business	1,122	376	709	1,413	632	838	1,080	799
Other liabilities								
Total liabilities	7,215	5,590	6,315	14,095	9,143	10,446	26,209	10,186
Net worth—proprietor's or partners' equity in the business	10,147	10,575	10,384	12,114	14,491	13,866	27,299	13,665
Total liabilities and net worth	17,362	16,165	16,699	26,209	23,634	24,312	53,508	23,851
Number of stores reporting	54	67	121	20	56	76	28	225
Average net sales of stores reporting	32,593	34,928	33,886	66,964	69,319	68,700	153,403	60,511

1. See definitions on page L-5 for more detail.

TABLE 10. Women's Clothing Stores—Rented—Financial Structure of Incorporated Stores by Size Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of			Total, all sizes (Rented)
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Assets				
Current assets:				
Cash on hand and in bank	1,666	4,680	11,802	7,138
Accounts and notes receivable (net)	2,437	3,738	9,347	5,868
Merchandise inventory	11,468	18,246	28,557	21,369
Other current assets:				
Government bonds and securities	598	1,986	9,094	4,732
Prepaid expenses	151	494	3,270	1,603
Total current assets	16,320	29,144	62,070	40,710
Fixed assets (net):				
Used in the business	2,132	3,227	7,809	4,961
Not used in the business	64	620	132	314
Total net fixed assets	2,196	3,847	7,941	5,275
Other assets:				
Investments of a permanent nature	167	152	1,376	671
Other, such as goodwill	3,928	1,166	5,208	3,370
Total other assets	4,095	1,318	6,584	4,041
Total assets	22,611	34,309	76,595	50,026
Liabilities				
Current liabilities—accounts and notes payable	7,234	13,306	24,985	17,134
Fixed liabilities—mortgages on fixed assets	—	—	—	—
Used in the business	173	—	246	135
Not used in the business	—	—	—	—
Other liabilities	2,332	2,097	2,688	2,389
Total liabilities	9,739	15,403	27,919	19,658
Net worth	—	—	—	—
Capital Stock	9,287	8,407	18,110	12,658
Surplus and undivided profits	3,585	10,499	30,566	17,710
Total net worth	12,872	18,906	48,676	30,368
Total liabilities and net worth	22,611	34,309	76,595	50,026
Number of stores reporting	15	33	35	83
Average net sales of stores reporting	38,878	75,860	193,136	118,638

1. See definitions on page L-5 for more detail.

Family Clothing Stores

These stores, as implied by the name, sell a general line of men's women's and children's clothing and furnishings. Other commodities handled may be notions, piece goods, house furnishings, etc., but these must not form a large part of total sales.

Reports suitable for tabulation of profit and loss data were received from 361 unincorporated stores and from 54 incorporated firms. Results for unincorporated stores are shown by sales-size ranges under the occupancy classes of owned and rented stores. Incorporated stores in this classification generally

have higher average sales than in other trades, and for this reason the sales-size ranges have been changed from the usual class range used throughout this series. Results are shown for incorporated stores with sales from \$20,000 to \$99,999; \$100,000 to \$399,999; and \$400,000 and over. Nine of the 54 incorporated firms reported operating losses in 1950.

Balance sheet information was tabulated from 262 reports received from unincorporated stores and 43 satisfactory returns from incorporated firms, in the three largest size groups.

Operating Results

Family clothing stores operated on greater ratios of gross profit to sales in 1950 than they did in 1948.

Increased operating expenses offset this gain in gross profit to leave a 1950 net profit ratio considerably smaller than that realized in 1948.

The 1950 ratio to sales of both gross and net profits in unincorporated stores decreased as the sales-size increased.

All segments reported greater dollar volume stocks at the end of 1950 than at the beginning.

The rate of stock turnover was slowest in the small stores and most rapid in the large classes.

The range was from once a year in rented stores with sales under \$10,000 to slightly more than three times in the group with sales of \$100,000 or more.

The proprietor of the average owned unincorporated store had a more favorable "current ratio" than those of the other occupancy and type segments with \$3.12 current assets for every \$1.00 current liabilities.

Financial Ratios of Family Clothing Stores as at December 31, 1950

Ratio	Unincorporated		Incorporated
	Owned	Rented	Rented
Current assets to current liabilities	3.12	2.75	2.82
Current assets to fixed assets	2.46	8.25	10.46
Net quick assets to net worth .....	.70	.91	.89
Sales to fixed assets used in the business	5.31	47.35	25.83
Liabilities to net worth .....	.50	.65	.57

Operating Results of Family Clothing Stores 1948 and 1950 Compared

Item	Unincorporated		Incorporated	
	1948	1950	1948	1950
Number of stores reporting	356	361	52	54
Average net sales	\$ 62,539	62,996	287,758	286,596
Profit and Loss Data (Percentage of net sales)				
Gross profit	23.35	24.41	28.77	29.64
Operating expenses:				
Employees' salaries	6.00	7.08	12.77	14.89
Occupancy	3.64	4.54	4.35	4.79
Store supplies .....	.51	.50	.67	.75
Advertising .....	.77	1.01	1.95	2.69
All other expenses	2.42	2.60	3.09	2.96
Total operating expenses	13.34	15.73	22.83	26.08
Net profit before deduction of income tax ¹	10.01	8.68	5.94	3.56

1. For unincorporated stores this ratio also includes proprietors' salaries.

See also chart on page L-26.

TABLE 11. Family Clothing Stores—Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1950

Item	Owned stores with annual net sales of				Rented stores with annual net sales of				
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	25	66	40	26	13	25	69	65	26
Average net sales per store	\$ 14,848	34,120	70,116	193,890	7,572	14,813	32,697	67,268	197,627
Average cost of goods sold	\$ 10,855	25,925	53,362	149,038	5,166	10,526	24,301	50,248	149,885
Average beginning inventory	\$ 9,287	14,631	27,995	47,265	5,029	7,393	14,447	23,664	46,144
Average inventory, end of year	\$ 9,852	15,603	29,615	48,691	5,300	8,256	15,260	25,854	49,802
Stock turnover (times per year)	\$ 1.14	1.71	1.85	3.11	1.00	1.33	1.64	2.03	3.12
Profit and Loss Data (Per cent of net sales)									
Gross profit	26.89	24.02	23.90	23.13	31.78	28.94	25.68	25.30	24.16
Operating expenses:									
Employees' salaries and wages	3.49	4.96	6.87	8.27	2.77	5.45	6.12	6.61	8.26
Taxes	1.68	0.92	0.69	0.82	0.68	0.60	0.47	0.32	0.39
Insurance	1.39	0.89	0.68	0.60	1.02	0.76	0.71	0.62	0.46
Rent	—	—	—	—	8.67	5.73	3.07	2.33	1.60
Heat, light and power	1.76	1.12	0.76	0.66	1.12	1.31	0.81	0.59	0.47
Repairs and maintenance	1.12	0.68	0.56	0.55	0.23	0.54	0.48	0.53	0.43
Depreciation allowances	1.37	1.10	0.91	1.14	0.25	0.46	0.62	0.46	0.72
Store supplies	0.96	0.56	0.37	0.51	0.46	0.58	0.52	0.49	0.48
Advertising	0.64	0.58	0.77	1.38	0.41	0.61	0.65	0.76	1.41
Bad debts—written off	0.17	0.20	0.50	0.38	0.18	0.06	0.36	0.22	0.59
(Less) amount recovered	0.01	1	0.25	0.13	—	1	0.04	0.01	0.41
Net bad debt loss	0.16	0.20	0.25	0.25	0.18	0.06	0.32	0.21	0.18
All other expenses	2.22	2.11	2.43	3.00	1.41	2.52	2.47	2.34	1.87
Total operating expenses	14.79	13.12	14.29	17.18	17.20	18.62	16.24	15.26	16.27
Net trading profit before proprietors' salaries and income tax deduction	12.10	10.90	9.61	5.95	14.58	10.32	9.44	10.04	7.89

1. Less than 0.005%.

TABLE 12. Family Clothing Stores—Operating Results of Incorporated Rented Stores, 1950

Item	Stores with annual net sales of		
	\$20,000 to \$99,999	\$100,000 to \$399,999	\$400,000 and over
Number of stores reporting	12	26	11
Average net sales per store	\$ 58,535	230,239	625,172
Average cost of goods sold	\$ 41,590	164,336	431,131
Average beginning inventory	\$ 22,412	66,231	129,176
Average inventory, end of year	\$ 24,989	72,287	146,493
Stock turnover (times per year)	1.75	2.37	3.13
Profit and Loss Data (Per cent of net sales)			
Gross profit	28.95	28.62	31.04
Operating expenses:			
Employees' salaries and wages	15.69	14.20	15.36
Taxes .....	.73	.38	.35
Insurance .....	.81	.44	.38
Rent	2.92	2.48	2.32
Heat, light and power .....	.88	.61	.48
Repairs and maintenance .....	.68	.36	.59
Depreciation allowances .....	.91	.80	.71
Store supplies .....	.64	.74	.73
Advertising	1.23	2.20	3.47
Bad debts—written off .....	.84	.52	.75
(Less) amount recovered .....	.01	.16	.56
Net bad debt loss .....	.83	.36	.19
All other expenses	2.39	2.21	3.16
Total operating expenses	27.71	24.78	27.74
Net trading profit before income tax deduction	1.24	3.84	3.30

TABLE 13. Family Clothing Stores - Owned - Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1956

Item ¹ (Average per store)	Stores with annual net sales of							Total all sizes (Owned)
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
Assets								
Current Assets:								
Cash on hand and in bank	3,859	2,993	3,147	3,684	4,157	4,060	6,616	4,187
Accounts and notes receivable (net)	1,302	1,264	1,270	2,681	4,573	4,185	14,716	5,099
Merchandise inventory	17,833	15,458	15,882	37,202	28,336	30,155	49,993	27,812
Other current assets:								
Government bonds and securities	2,437	1,798	1,913	444	2,891	2,389	4,720	2,669
Prepaid expenses	17	206	173	321	702	623	222	329
Total Current Assets	25,448	21,719	22,385	44,332	40,659	41,412	76,267	40,096
Fixed Assets (net):								
Used in the business	6,365	7,053	6,931	9,463	14,171	13,205	36,169	15,235
Not used in the business	1,108	975	998	—	1,175	934	1,468	1,079
Total Net Fixed Assets	7,473	8,028	7,929	9,463	15,346	14,139	37,637	16,314
Other Assets:								
Investments of a permanent nature	80	1,554	1,281	—	822	653	1,716	1,177
Other, such as goodwill	100	352	307	505	586	570	1,107	563
Total Other Assets	180	1,906	1,598	505	1,408	1,223	2,823	1,740
Total Assets	33,101	31,653	31,912	54,300	57,413	56,774	116,727	58,150
Liabilities								
Current liabilities — accounts and notes payable.....	9,086	6,121	6,651	10,749	12,343	12,016	27,381	12,834
Fixed liabilities — mortgages on fixed assets:								
Used in the business	1,156	1,242	1,226	3,940	2,050	2,438	9,356	3,364
Not used in the business	50	432	364	—	—	—	—	169
Other Liabilities	2,056	690	934	4,182	1,158	1,778	8,948	2,928
Total Liabilities	12,348	8,485	9,175	18,871	15,551	16,232	45,685	19,295
Net worth—Proprietor's or partners' equity in the business	20,753	23,168	22,737	35,429	41,862	40,542	71,042	38,855
Total Liabilities and Net Worth	33,101	31,653	31,912	54,300	57,413	56,774	116,727	58,150
Number of stores reporting	10	46	56	8	31	39	26	121
Average net sales of stores reporting	36,118	34,360	34,674	72,654	72,727	72,714	192,420	80,830

1. See definitions on page L-5 for more detail.

TABLE 14. Family Clothing Stores - Rented - Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of							Total all sizes (Rented)
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	Under and over	Total		
Assets								
Current Assets:								
Cash on hand and in bank	1,830	1,672	1,717	4,873	3,056	3,594	7,444	3,167
Accounts and notes receivable (net)	1,052	1,677	1,496	1,807	3,747	3,172	15,843	3,969
Merchandise inventory	14,412	15,517	15,197	23,259	26,502	25,541	49,912	23,590
Other current assets:								
Government bonds and securities	582	1,834	1,471	829	2,602	2,077	2,591	1,846
Prepaid expenses	273	51	116	335	242	270	1,010	289
Total Current Assets	18,149	20,751	19,997	31,103	36,149	34,654	76,800	32,861
Fixed Assets (net):								
Used in the business	1,912	798	1,121	1,427	1,186	1,257	3,134	1,430
Not used in the business	961	2,137	1,796	1,998	3,968	3,384	2,940	2,551
Total Net Fixed Assets	2,873	2,935	2,917	3,425	5,154	4,641	6,074	3,981
Other Assets:								
Investments of a permanent nature	666	761	733	87	750	554	130	588
Other, such as goodwill	246	261	257	996	298	505	2,306	613
Total Other Assets	912	1,022	990	1,083	1,048	1,059	2,436	1,201
Total Assets	21,934	24,708	23,904	35,611	42,351	40,354	85,310	38,043

TABLE 14. Family Clothing Stores—Rented—Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1950—Concluded

Item ¹ (Average per store)	Stores with annual net sales of							Total all stores (Rented)
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
Liabilities								
Current liabilities—accounts and notes payable	6,386	6,918	6,764	10,160	12,661	11,921	31,835	11,939
Fixed liabilities—mortgages on fixed assets:								
Used in the business	—	—	—	—	66	46	89	29
Not used in the business	253	1,005	787	250	2,193	1,617	327	1,046
Other liabilities	1,429	1,702	1,623	1,259	1,199	1,217	6,003	2,027
Total liabilities	8,068	9,625	9,174	11,669	16,119	14,801	38,254	15,041
Net worth—Proprietor's or partners' equity in the business	13,866	15,083	14,730	23,942	26,232	25,553	47,056	23,002
Total liabilities and net worth	21,934	24,708	23,904	35,611	42,351	40,354	85,310	38,043
Number of stores reporting	20	49	69	16	38	54	18	141
Average net sales of stores reporting	32,182	33,677	33,244	66,848	68,125	67,746	199,746	67,713

1. See definitions on page L-5 for more detail.

TABLE 15. Family Clothing Stores—Rented—Financial Structure of Incorporated Stores by Size of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of			Total all sizes (Rented)
	\$20,000- \$99,999	\$100,000- \$399,999	\$400,000 and over	
Assets				
Current assets:				
Cash on hand and in bank	1,434	9,545	10,131	7,795
Account and notes receivable (net)	2,317	16,887	75,727	27,183
Merchandise inventory	25,679	69,169	151,596	78,224
Other current assets:				
Government bonds and securities	240	17,755	12,782	12,525
Prepaid expenses	111	3,395	7,616	3,613
Total current assets	29,781	116,751	257,852	129,340
Fixed assets (net):				
Used in the business	1,935	6,476	29,674	10,815
Not used in the business	44	2,769	260	1,552
Total net fixed assets	1,979	9,245	29,934	12,367
Other assets:				
Investments of a permanent nature	400	363	9,480	2,492
Other, such as goodwill	224	3,252	8,655	3,804
Total other assets	624	3,615	18,135	6,296
Total assets	32,384	129,611	305,921	148,003
Liabilities				
Current liabilities—accounts and notes payable	9,820	35,549	105,640	45,865
Fixed liabilities—mortgages on fixed assets:				
Used in the business	—	—	—	—
Not used in the business	—	209	—	112
Other liabilities	7,848	10,583	1,543	7,845
Total liabilities	17,668	46,341	107,183	53,822
Net worth:				
Capital stock	10,994	36,648	40,040	31,471
Surplus and undivided profits	3,722	46,622	158,698	62,710
Total net worth	14,716	83,270	198,738	94,181
Total liabilities and net worth	32,384	129,611	305,921	148,003
Number of stores reporting	10	23	10	43
Average net sales of stores reporting	52,196	224,949	631,551	279,332

1. See definitions on page L-5 for more detail.

Family Shoe Stores

Family shoe stores exclude specialized stores which sell ladies' or men's shoes exclusively. Other related lines of merchandise may be sold in small quantities but footwear must form the bulk of the business for the store to be classed as a shoe store.

Suitable returns on the profit and loss statement were received from 319 unincorporated stores and

63 incorporated firms. The results were tabulated by sales-size for owned and rented classes of occupancy. Incorporated firms fell into the three largest sales-size groups and were all of the rented type of occupancy. In this group 9 of the 63 reported losses in 1950. Balance sheet data were tabulated from the returns of 207 unincorporated and 54 incorporated firms with annual net sales of \$20,000 and over.

Operating Results

Unincorporated stores showed increased gross profits in relation to sales for 1950 compared with 1948. Gross profit ratios remained almost the same for incorporated firms between the two years.

Increased proportions of operating expenses caused reduced profits in both types of organization. Unincorporated stores realized a net profit in 1950 amounting to 10.55% of net sales compared with 11.51% in 1948. Incorporated firms obtained 4.77% net profit in 1950 as against 7.55% in 1948.

Gross profit ratios of unincorporated stores were irregular in trend over the different size groups of owned and rented stores.

All segments reported greater dollar volume of stock on hand at the end of the year than at the first of the year.

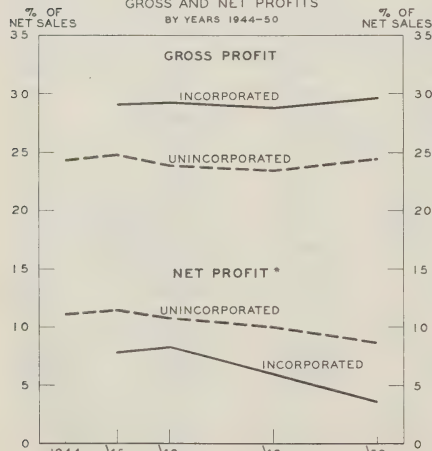
The rate of turnover increased from less than once a year in the smallest size group of owned stores to 2.69 times a year in rented stores with sales of \$100,000 or over.

The proprietor of the average family shoe store had more than \$2 current assets at December 31, 1950 to cover every \$1.00 of current liabilities.

FAMILY CLOTHING STORES

GROSS AND NET PROFITS

BY YEARS 1944-50

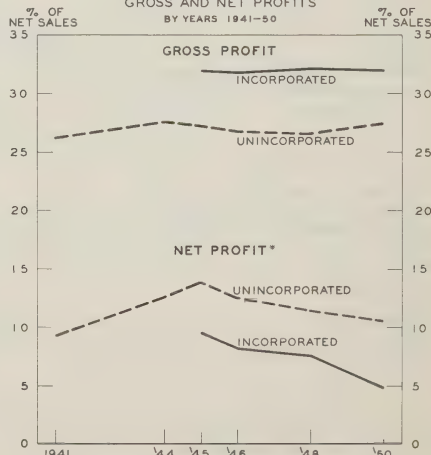


* INCLUDES INCOME TAX AND UNINCORPORATED PROPRIETORS' SALARIES

SHOE STORES

GROSS AND NET PROFITS

BY YEARS 1941-50



* INCLUDES INCOME TAX AND UNINCORPORATED PROPRIETORS' SALARIES

Operating Results of Family Shoe Stores 1948 and 1950 Compared

Item	Unincorporated		Incorporated	
	1948	1950	1948	1950
Number of stores reporting	258	319	40	63
Average net sales..... \$	49,444	48,768	118,904	127,818
Profit and Loss Data (Percentage of net sales)				
Gross Profit.....	26.55	27.35	32.08	31.95
Operating expenses:				
Employees' salaries	7.03	7.60	14.44	15.62
Occupancy	4.42	5.36	5.56	6.43
Store supplies .....	.53	.53	.39	.63
Advertising .....	.95	1.10	2.00	2.07
All other expenses	2.11	2.21	2.14	2.43
Total operating expenses	15.04	16.80	24.53	27.18
Net profit before deduction of income tax	11.51	10.55	7.55	4.77

1. For unincorporated stores this ratio also includes proprietors' salaries.

Financial Ratios of Family Shoe Stores as at December 31, 1950

Ratio	Unincorporated		Incorporated
	Owned	Rented	Rented
Current assets to current liabilities	3.02	2.81	2.59
Current assets to fixed assets	2.47	11.57	10.06
Net quick assets to net worth .....	.69	.91	.88
Sales to fixed assets used in the business	6.01	43.93	30.27
Liabilities to net worth .....	.52	.56	.70

TABLE 16. Family Shoe Stores—Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1950

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	8	19	42	13	26	93	81	25
Average net sales per store	7,957	14,587	30,474	67,629	15,411	33,028	67,965	134,752
Average cost of goods sold	5,173	10,308	22,305	49,015	11,159	24,489	49,523	95,903
Average beginning inventory	5,568	7,110	12,585	28,688	8,303	14,099	24,785	34,033
Average inventory, end of year	5,585	7,345	13,967	31,606	8,435	14,919	27,682	37,280
Stock turnover (times per year)	0.93	1.43	1.68	1.63	1.33	1.69	1.89	2.69
Profit and Loss Data (Per cent of net sales)								
Gross profit	34.99	29.33	26.81	27.52	27.59	25.85	27.13	28.83
Operating expenses:								
Employees' salaries and wages	5.53	3.54	5.77	9.06	4.96	6.16	7.91	9.12
Taxes	2.49	1.93	1.08	1.02	0.57	0.37	0.36	0.33
Insurance	1.24	1.58	0.58	0.89	0.71	0.55	0.50	0.39
Rent	—	—	—	—	4.55	3.33	3.07	2.81
Heat, light and power	3.05	1.51	1.00	0.63	1.04	0.69	0.44	0.40
Repairs and maintenance	1.41	1.27	0.87	0.70	0.34	0.42	0.35	0.30
Depreciation allowances	0.76	1.85	1.25	0.99	0.48	0.50	0.67	0.79
Store supplies	0.80	0.53	0.56	0.46	1.15	0.49	0.50	0.58
Advertising	0.56	0.69	1.02	1.13	0.55	0.73	1.12	1.49
Bad debts—written off	0.05	0.20	0.08	0.05	—	0.03	0.06	0.03
(Less) amount recovered	—	0.01	—	0.02	—	0.01	1	1
Net bad debt loss	0.05	0.19	0.08	0.03	—	0.02	0.06	0.03
All other expenses	4.78	2.52	2.38	2.17	2.23	2.07	2.08	2.32
Total operating expenses	20.67	15.61	14.59	17.08	16.58	15.33	17.06	18.56
Net trading profit before proprietors' salaries and income tax deduction	14.32	13.72	12.22	10.44	11.01	10.52	10.07	10.27

1. Less than 0.005%.

TABLE 17. Family Shoe Stores - Operating Results of Incorporated Rented Stores, 1950

Item	Stores with annual net sales of		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	17	18	27
Average net sales per store	\$ 41,328	\$ 77,707	\$ 217,988
Average cost of goods sold	\$ 28,174	\$ 53,734	\$ 148,100
Average beginning inventory	18,508	24,919	64,531
Average inventory, end of year	20,027	27,144	72,815
Stock turnover (times per year)	1.46	2.06	2.16
Profit and Loss Data (Per cent of net sales)			
Gross profit	31.83	30.85	32.06
Operating expenses:			
Employees salaries and wages	17.93	15.70	15.27
Taxes .....	.56	.41	.59
Insurance .....	.76	.39	.44
Rent	5.53	4.25	3.55
Heat, light and power .....	.73	.62	.52
Repairs and maintenance .....	.51	.42	.35
Depreciation allowances .....	.79	.79	.57
Store supplies .....	.56	.47	.68
Advertising	1.65	1.32	2.28
Bad debts - written off .....	.08	.05	.03
(Less) amount recovered .....			.01
Net bad debt loss .....	.08	.05	.02
All other expenses	2.52	2.11	2.40
Total operating expenses	31.62	26.53	26.67
Net trading profit before income tax deduction .....	.21	4.32	5.39

TABLE 18. Shoe Stores - Financial Structure of Unincorporated Stores by Size and Occupancy as at December 31, 1950

Item ¹ (Average per store)	Owned stores with annual net sales of			Total all sizes	Rented stores with annual net sales of			Total all sizes
	\$20,000 to	\$50,000 to	\$100,000 and over		\$20,000 to	\$50,000 to	\$100,000 and over	
	\$49,999	\$99,999			\$49,999	\$99,999		
Assets								
Current assets:								
Cash on hand and in bank	1,542	2,759	8,446	3,330	2,029	2,933	7,352	2,828
Accounts and notes receivable (net)	983	994	1,292	903	301	746	1,490	592
Merchandise inventory	13,643	32,246	44,862	25,441	13,962	27,524	37,141	21,915
Other current assets:								
Government bonds and securities	1,456	2,521	9,397	3,418	695	1,818	6,127	1,605
Prepaid expenses	264	98	926	356	55	52	101	57
Total current assets	17,598	38,618	64,923	33,448	17,042	33,073	52,211	26,997
Fixed assets (net):								
Used in the business	9,358	12,079	13,556	11,006	840	1,570	2,126	1,270
Not used in the business	1,359	2,252	769	2,534	393	1,484	2,675	1,063
Total net fixed assets	10,717	14,331	19,325	13,540	1,233	3,054	4,801	2,333
Other assets:								
Investments of a permanent nature	1,778	1,196	2,914	1,850	3	165	2,101	228
Other, such as goodwill	242	7	436	216	67	361	2,370	368
Total other assets	2,020	1,203	3,350	2,066	70	526	4,471	596
Total assets	30,335	54,152	87,598	49,054	18,345	36,653	61,483	29,926
Liabilities								
Current liabilities - accounts and notes payable	6,403	11,828	21,347	11,064	5,873	11,399	22,362	9,616
Fixed liabilities - mortgages on fixed assets:								
Used in the business	2,196	2,678	3,930	2,695	—	108	73	55
Not used in the business	282	1,255	3,464	1,223	14	651	1,098	387
Other liabilities	1,314	3,226	821	1,753	627	787	930	723
Total liabilities	10,195	18,987	29,562	16,735	6,514	12,945	24,463	10,781
Net worth—Proprietor's or partners' equity in the business	20,140	35,165	58,036	32,319	11,831	23,708	37,020	19,145
Total liabilities and net worth	30,335	54,152	87,598	49,054	18,345	36,653	61,483	29,926
Number of stores reporting	34	19	14	67	65	65	10	140
Average net sales of stores reporting	32,197	69,057	144,465	66,109	32,541	68,320	125,488	55,792

1. See definitions on page L-5 for more detail.

TABLE 19. Shoe Stores — Rented — Financial Structure of Incorporated Stores by Size of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of			Total all sizes (rented)
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Assets				
Current assets:				
Cash on hand and in bank	1,617	4,153	14,478	7,608
Accounts and notes receivable (net)	650	603	2,035	1,200
Merchandise inventory	19,392	26,772	78,013	45,461
Other current assets:				
Government bonds and securities	3,191	2,065	11,020	6,047
Prepaid expenses	234	551	1,381	796
Total current assets	25,084	34,144	106,927	61,112
Fixed assets (net):				
Used in the business	1,560	3,746	6,644	4,279
Not used in the business	345	208	3,999	1,793
Total net fixed assets	1,905	3,954	10,643	6,072
Other assets:				
Investments of a permanent nature	—	1,832	3,276	1,877
Other, such as goodwill	1,451	2,340	5,202	3,243
Total other assets	1,451	4,172	8,478	5,120
Total assets	28,440	42,270	126,048	72,304
Liabilities				
Current liabilities—accounts and notes payable.....	8,278	11,133	43,855	23,619
Fixed liabilities—mortgages on fixed assets:				
Used in the business	79	—	—	23
Not used in the business	—	—	2,045	833
Other liabilities	1,315	4,612	8,863	5,367
Total liabilities	9,672	15,745	54,763	29,842
Net worth:				
Capital stock	12,454	11,679	30,919	19,747
Surplus and undivided profits	6,314	14,846	40,366	22,715
Total net worth	18,768	26,525	71,285	42,462
Total liabilities and net worth	28,440	42,270	126,048	72,304
Number of stores reporting	16	16	22	54
Average net sales of stores reporting	41,154	79,059	230,515	129,532

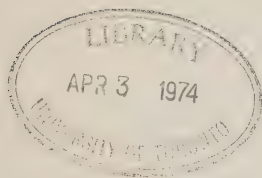
1. See definitions on page L-4 for more detail.

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UNIVERSITY OF TORONTO
DEPT. OF POLITICAL ECONOMY



CANADA



OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL CLOTHING STORES
1952
(Independent)

Clothing stores (independent); operating results

Published by Authority of
The Right Honourable C. D. Howe, Minister of Trade and Commerce

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Industry and Merchandising Division
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NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I — Wholesale Statistics

- A — Wholesale Trade, 25¢
- *B — Operating Results of Food Wholesalers, 25¢
- *C — Operating Results of Dry goods, Piece Goods, and Footwear Wholesalers, 25¢
- *D — Operating Results of Miscellaneous Wholesalers, (Automotive parts and accessories, drugs, hardware, plumbing and heating equipment), 25¢

Part II — Retail Statistics

- E — General Review, 25¢
- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- *H — Operating Results of Chain Food Stores, 25¢
- *I — Operating Results of Chain Clothing Stores, 25¢
- *J — Operating Results of Miscellaneous Chain Stores (variety, drug, furniture), 25¢
- K — Operating Results of Retail Food Stores, 25¢
- L — Operating Results of Retail Clothing Stores, 25¢
- M — Operating Results of Retail Hardware, Furniture, Appliance and Radio Stores, 25¢
- N — Operating Results of Filling Stations and Garages, 25¢
- O — Operating Results of Miscellaneous Retail Stores, 25¢
- P — Retail Consumer Credit, 25¢

Part III — Service and Special Fields

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W — Advertising Agencies (Memorandum), 25¢
- X — Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

* Biennial reports — not issued for 1952.

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DEFINITIONS

Profit and Loss

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" (in unincorporated store operations).

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — Payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licenses and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation allowances — provision for decrease in the value of fixed store assets.

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions for unincorporated business.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

DEFINITIONS

Balance Sheet

Assets

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investment of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth

Current liabilities — are obligations which must be paid in the near future and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

Incorporated business — net worth is shown in two parts: (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

DEFINITIONS

Profit and Loss Statement Ratios

Stock Turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross Profit Ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating Expense Ratios — each item of expense, as well as "total operating expenses", when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net Operating Profit Ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

Balance Sheet Ratios

Current Ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and over-investment in credit sales (accounts receivables) can result in a stronger or more favourable ratio.

Liquidity Ratio — $\text{Cash} + \text{Accounts Receivable} + \text{Government Bonds and Securities} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working Capital to Net Worth Ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-Debt Ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of Total Capital Employed — $\text{Net Sales} \div \text{Total Assets used in the business}$ — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

OPERATING RESULTS AND FINANCIAL STRUCTURE

RETAIL CLOTHING STORES

1952

(Independent)

INTRODUCTION

The ratios appearing in the operating results bulletins may not constitute an ideal pattern of operations which all retailers should set as a goal, but they do represent a standard by which the retailer may ascertain whether or not his operations are being conducted as effectively, economically and profitably as those of the trade in general. To the merchant whose profits are below average, the operating results summaries may help to disclose the reasons which account for this situation. Reflection and consideration on the part of the merchant make it possible to decide whether his operating methods should be altered or whether the situation is normal in the light of conditions peculiar to the location of his business.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

Statistics derived from other sources have shown that the mortality rate of business is much higher among new entrants into the field of retailing than among those established for five years or more. There are many reasons for this, some of them associated with the natural incompetence of the initiate retailer which could not be completely overcome by means of operating statement analysis. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a

business and the proper allocation of costs. Where capital is limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail clothing stores, both incorporated and unincorporated for which separate results are shown. The following kinds of business of the retail clothing trade are presented in this report:

1. Men's clothing stores
2. Women's clothing stores
3. Family clothing stores
4. Family shoe stores

There are analyses of:

1. profit and loss statements
2. balance sheets

Profit and loss data are shown for owned and rented stores separately, and for various sales-size categories.

Balance sheet data, which was introduced in 1948, is continued in this 1952 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales than was possible when all fixed assets of the proprietor were reported as one item.

This year, definitions of the ratios presented in this bulletin, for comparison and financial statement analysis, are shown on the opposite page.

COMPARISON OF MAIN ITEMS BY TRADES

The principal operating ratios for the four clothing trades are presented below for all years for which this information is available. In addition to the segregation of results by trades, a further differentiation is made between results of incorporated and unincorporated businesses. This distinction is most necessary in order to avoid distortion of ratios due to differences in accounting principles in incorporated and unincorporated businesses. That is, proprietors' salaries and wages of un-

incorporated businesses are excluded from operating expenses and are therefore included in the net operating profit. Conversely, working directors of incorporated businesses are classified as management and their salaries are considered an operating expense. Therefore the net operating profit of incorporated firms is after deduction of executives' salaries but before provision for income tax.

Average Gross and Net Profits of Unincorporated Retail Clothing Stores
Historical Summary by Trades

Year	Men's clothing		Women's clothing		Family clothing		Shoe stores	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
	(per cent of net sales)							
1941.....	27.2	15.3	27.5	9.4	(not available)		26.3	9.3
1944.....	27.2	12.3	27.9	11.8	24.3	11.1	27.6	12.6
1945.....	27.5	13.5	27.7	11.5	24.8	11.5	27.3	13.9
1946.....	26.9	13.7	27.1	10.9	23.8	10.7	26.8	12.5
1948.....	25.9	11.9	25.8	10.4	23.4	10.0	26.6	11.5
1950.....	26.8	10.3	26.8	7.7	24.4	8.7	27.4	10.6
1952.....	26.6	10.1	26.8	8.0	24.4	8.9	27.7	10.8

Note: Net profit is before deduction of proprietors' salaries and income tax.

Average Gross and Net Profits of Incorporated Clothing Stores
Historical Summary by Trades

Year	Men's clothing		Women's clothing		Family clothing		Shoe stores	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
	(per cent of net sales)							
1945.....	31.5	11.0	30.5	7.3	29.1	7.8	31.9	9.5
1946.....	30.5	9.8	29.2	6.2	29.3	8.3	31.8	8.2
1948.....	28.6	6.4	28.5	5.1	28.8	6.0	32.1	7.6
1950.....	29.8	4.8	29.0	2.1	29.6	3.6	32.0	4.8
1952.....	29.3	3.0	29.3	2.8	29.7	3.5	30.0	3.3

Note: Net profit includes income tax.

Unincorporated stores in 1952 operated with gross profit ratios or "mark-ups" ranging from 24.4 per cent in family clothing stores to 27.7 per cent in family shoe stores. Men's clothing was the only trade which reported an average mark-up lower than the 1950 results. Operating expenses for this trade remained the same proportion of sales and the decline was reflected in the net operating profit ratio. Both women's clothing and family clothing stores operated with the same average gross profit

ratios as reported for 1950. However, with relatively smaller expenses, they netted higher operating profit ratios of 8.0 per cent and 8.9 per cent, respectively, for 1952.

Incorporated stores in 1952 operated with average gross profits or "mark-ups" ranging from 29.3 per cent in both men's and women's clothing stores to 30.0 per cent of net sales in family shoe stores.

Incorporated stores in 1952 operated with very similar average gross profit ratios or "mark-ups" for the four clothing trades surveyed. Men's and women's clothing stores each averaged gross profit ratios of 29.3 per cent of net sales representing a slight decline and a slight gain, respectively, from the 1950 results. Family clothing stores

showed a negligible increase from 29.6 per cent in 1950 to 29.7 per cent in 1952, whereas family shoe stores showed a significant decline from 32.0 per cent to 30.0 per cent. In each of the trades, except family clothing, the change in average gross profit ratios from 1950 to 1952 was reflected in the average net operating profit ratios.

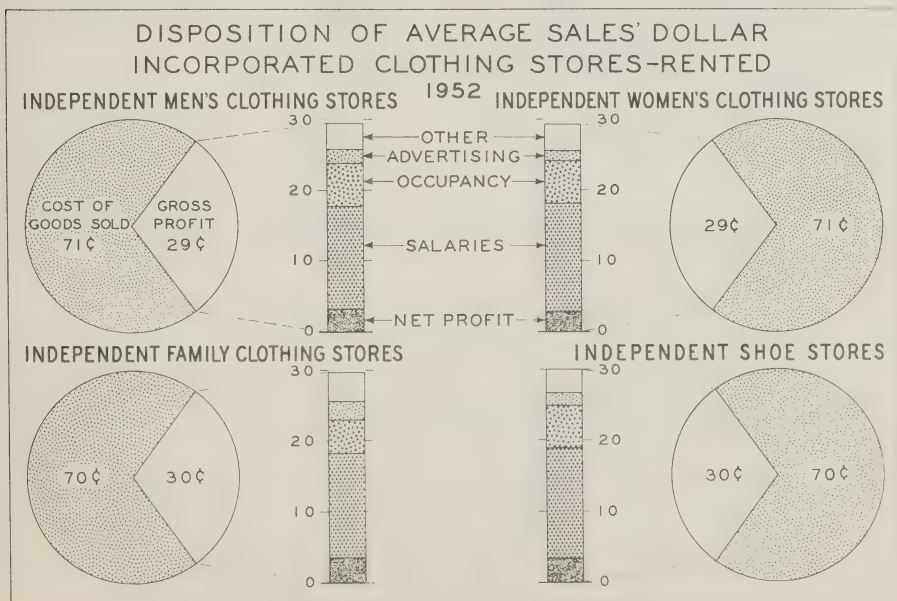
Stock Turnover Rate¹ of Clothing Stores — Historical Summary by Trades

Year	Unincorporated				Incorporated			
	Men's clothing	Women's clothing	Family clothing	Shoes	Men's clothing	Women's clothing	Family clothing	Shoes
1941	2.1	4.1		2.1	(not available)			
1944	2.7	4.6	3.0	2.9				
1945	3.5	4.8	3.1	3.0	4.1	5.7	3.7	4.2
1946	3.6	4.6	3.2	2.9	4.1	5.2	4.0	4.0
1948	2.7	4.6	2.7	2.2	2.9	6.1	3.3	2.6
1950	2.1	3.5	2.2	1.9	2.4	4.0	2.7	2.1
1952	2.3	3.7	2.3	1.9	2.2	4.6	3.0	2.0

1. Times per year.

In both the unincorporated and incorporated stores, the four clothing trades, due to their respective peculiarities, retained their relative positions with respect to annual stock turnover rates. On the average, stock continued to be sold and replaced most rapidly in women's clothing stores with average rates of 3.7 and 4.6 times per year for unincorporated and incorporated stores,

respectively. The next most rapid turnover of stock occurred in family clothing stores. Unincorporated men's clothing stores averaged the same annual stock turnover rate as family clothing stores with 2.3 times per year. Both incorporated and unincorporated family shoe stores averaged the lowest rates of stock replacement with 2.0 and 1.9 times per year, respectively.



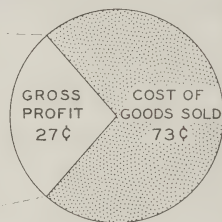
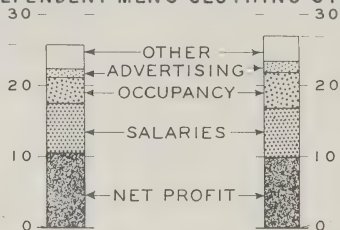
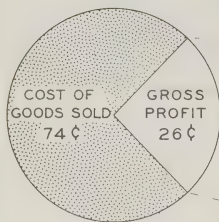
DISPOSITION OF AVERAGE SALES' DOLLAR UNINCORPORATED CLOTHING STORES

1952

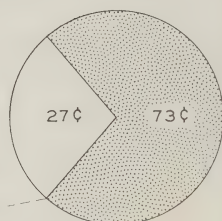
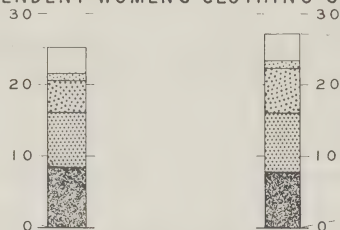
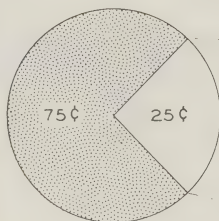
OWNED

RENTED

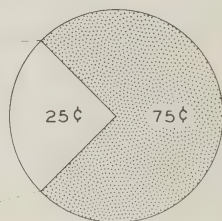
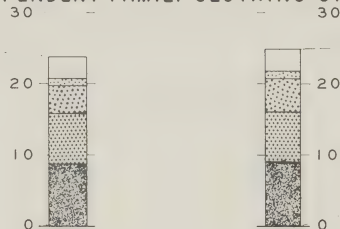
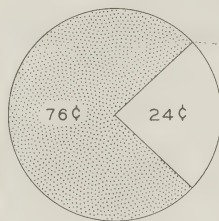
INDEPENDENT MEN'S CLOTHING STORES



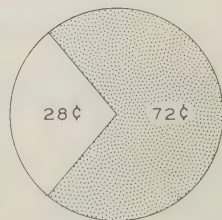
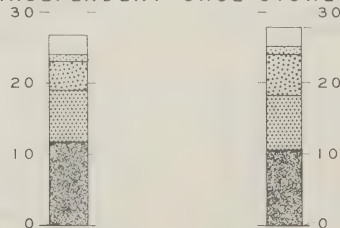
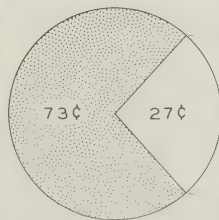
INDEPENDENT WOMEN'S CLOTHING STORES



INDEPENDENT FAMILY CLOTHING STORES



INDEPENDENT SHOE STORES



In the presentation of the disposition of the average sales' dollar, the differentiation between incorporated and unincorporated business' operating results was made because the accounting concept and treatment of working proprietors' salaries differs greatly. That is, in an unincorporated business a working proprietor's salary and withdrawals are not considered an operating expense. Therefore the net operating profit of an unincorporated business is before proprietors' salaries and allowance for income tax. However, in an incorporated business a working director is regarded as management and his salary and withdrawals are considered an operating expense. Therefore the net operating profit of an incorporated business is after deduction of executives' salaries

but before provision for income tax. Consequently salaries and wages, when expressed as a proportion of the average sales' dollar, were higher for incorporated stores whereas net operating profit ratios for unincorporated stores were greater.

Results of stores operated in rented premises showed little difference between average occupancy ratios of incorporated and unincorporated businesses. Occupancy expense ratios of these stores however, exceeded the ratios of stores operated in owned premises. In each trade, the incorporated stores allocated a greater proportion of their average sales' dollar to advertising than did the unincorporated stores.

FINANCIAL STRUCTURE

Balance sheet information was introduced in the 1948 survey and continued for 1950 and again in this 1952 survey. This information is presented in the form of averages of firms in three sales-size categories and a differentiation is made between firms operated in owned or rented premises. The segregation of both fixed assets and fixed liabilities into those used in the business and not used in the business, introduced in the 1950 survey, has been continued in the 1952 results. This allows

direct comparison between 1950 and 1952 averages, but the major criterion of this segregation was to allow the presentation of data applicable to trading operations exclusively. The ratios summarized below are therefore unbiased by non-trade factors. The ratios are compiled from the averages of firms reporting in the \$20,000 and over sales-size categories, not to over-all trade averages. Ratio definitions appear on page six of this publication.

Financial Ratios of Clothing Stores as at December 31, 1952
Unincorporated

Ratio	Owned				Rented			
	Men's clothing	Women's clothing	Family clothing	Shoes	Men's clothing	Women's clothing	Family clothing	Shoes
Current ratio	3.33	2.73	3.91	3.88	2.66	2.55	2.98	3.21
Liquidity ratio	1.22	1.19	1.29	0.92	0.86	1.07	1.03	0.75
Working capital to net worth	0.64	0.51	0.73	0.69	0.85	0.86	0.87	0.91
Worth debt ratio	2.56	2.39	2.84	2.45	1.61	1.58	1.86	2.10
Turnover of capital	1.41	1.78	1.42	1.36	1.91	2.76	1.92	1.93

Financial Ratios of Clothing Stores as at December 31, 1952
Incorporated

Ratio	Rented			
	Men's clothing	Women's clothing	Family clothing	Shoes
Current ratio	2.95	2.27	2.54	2.62
Liquidity ratio	1.01	1.18	1.32	0.55
Working capital to net worth	0.85	0.80	0.86	0.77
Worth debt ratio	1.85	1.45	1.59	2.01
Turnover of capital	1.81	2.70	1.85	1.89

FINANCIAL STRUCTURE OF UNINCORPORATED CLOTHING STORES

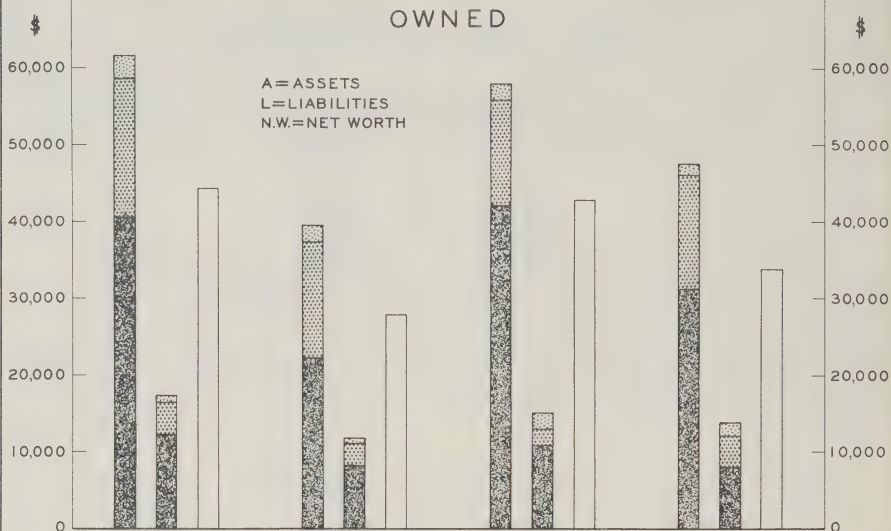
AVERAGE FINANCIAL POSITION AS AT DECEMBER 31, 1952

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH

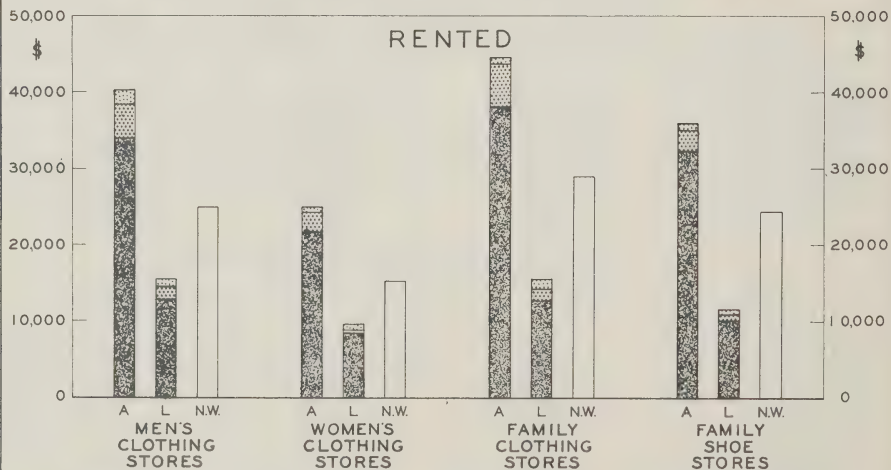
AVERAGE
FINANCIAL
POSITION
70,000

AVERAGE
FINANCIAL
POSITION
70,000

OWNED



RENTED



CURRENT-ASSETS
OR LIABILITIES

FIXED-ASSETS
OR LIABILITIES

OTHER-ASSETS
OR LIABILITIES

INDEPENDENT MEN'S CLOTHING STORES

This classification includes stores recognized by the trade as independent men's clothing stores. The term "independent" is used to mean non-chain or single establishment firms. Specialty stores such as hat shops and custom tailors have not been included. After careful editing of questionnaires returned, it was possible to use 403 independent unincorporated firms and 132 independent incorporated firms. Results of men's clothing stores operated in owned or rented premises are presented separately. A further differentiation is made within

each of these categories to show results of firms within typical sales-size categories.

Balance sheet results are shown, in the form of averages, for both owned and rented categories of unincorporated firms, and rented category of the incorporated firms. There was a sufficient number of unincorporated firms reporting in the rented category to permit the separate presentation of balance sheet averages of firms in business "under 10 years" and "10 years and over".

Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant interpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged, or increased less than 10 per cent, the rent expense ratio would decline.

In 1952 the average gross profit, expressed as a percentage of average net sales, declined only slightly for both unincorporated and incorporated

firms, when compared to 1950 results. Total operating expense ratios remained at the same level for unincorporated firms but increased slightly for incorporated firms. Consequently the gross profit decline was reflected in the net operating profit ratio of unincorporated firms. Incorporated firms' net operating profit declined from 4.80 per cent to 2.97 per cent of net sales as a result of the combined effect of lower gross profit and increased operating expense ratios.

Inventories averaged slightly lower in value at the end of 1952 than at the beginning of the year.

The annual average rate of stock turnover ranged from 1.38 in the smaller stores to 2.88 for firms in the larger sales-size categories.

Operating Results of Independent Men's Clothing Stores 1950 and 1952 Compared

Item	Unincorporated		Incorporated	
	1950	1952	1950	1952
Average net sales	\$ 58,245	68,960	138,938	141,142
Profit and Loss Data (Per cent of net sales)				
Gross profit.....	26.77	26.64	29.80	29.31
Operating expenses:				
Employees' salaries	6.89	6.88	13.96	14.67
Occupancy.....	5.12	4.76	5.33	5.75
Store supplies.....	0.60	0.66	0.57	0.65
Advertising	1.34	1.38	2.15	2.13
All other expenses.....	2.56	2.89	2.99	3.14
Total operating expenses	16.51	16.57	25.00	26.34
Net operating profit before deduction of income tax ¹	10.26	10.07	4.80	2.97

1. Proprietors' salaries included for unincorporated stores.

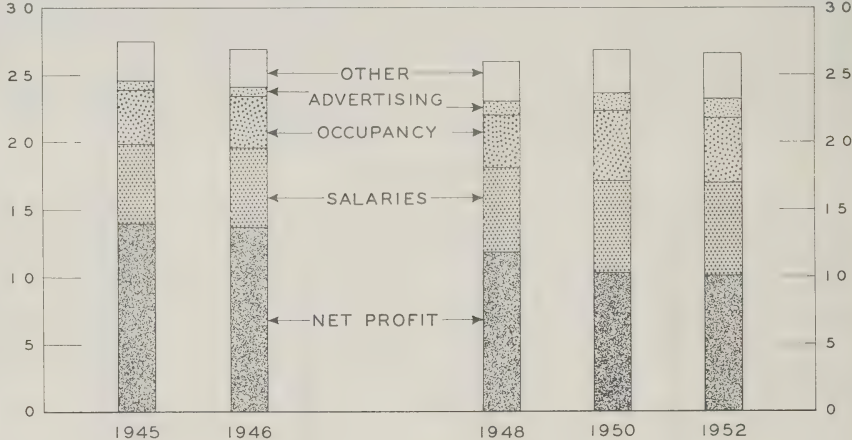
Financial Ratios of Independent Men's Clothing Stores as at December 31, 1952

Ratio ¹	Unincorporated		Incorporated
	Owned	Rented	Rented
Current ratio	3.33	2.66	2.95
Liquidity ratio	1.22	0.86	1.01
Working capital to net worth	0.64	0.85	0.85
Worth debt ratio	2.56	1.61	1.85
Turnover of total capital employed	1.41	1.91	1.81

1. Ratio definitions are shown on page 6.

COMPOSITION OF AVERAGE GROSS PROFIT MEN'S CLOTHING STORES, UNINCORPORATED

1945-46-48-50 AND 52

% OF
NET SALES% OF
NET SALES

COMPOSITION OF AVERAGE GROSS PROFIT MEN'S CLOTHING STORES, INCORPORATED

1945-46-48-50 AND 52

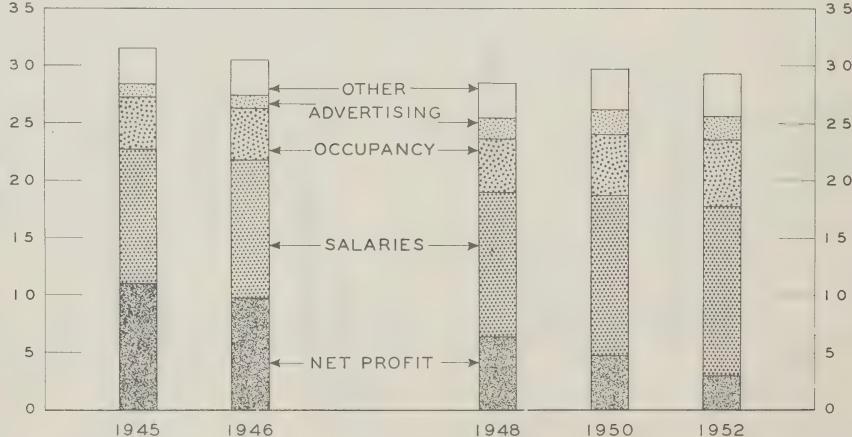
% OF
NET SALES% OF
NET SALES

TABLE 1. Independent Men's Clothing Stores Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1952

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	10	42	29	18	28	126	84	61
Average net sales per store	\$ 14,113	34,622	70,894	199,896	15,980	34,609	68,263	163,349
Average cost of goods sold	\$ 10,414	26,519	52,698	146,826	11,483	25,305	50,336	118,636
Average beginning inventory	\$ 7,953	13,791	24,501	52,343	6,903	13,500	25,092	45,025
Average inventory, end of year	\$ 7,142	13,537	24,218	53,597	6,838	13,320	24,248	41,520
Stock turnover (times per year)	1.38	1.94	2.16	2.77	1.67	1.89	2.04	2.74
Profit and Loss Data (Per cent of net sales)								
Gross profit	26.21	23.40	25.67	26.55	28.14	26.88	26.26	27.37
Operating expenses:								
Employees' salaries and wages	4.59	4.62	5.48	8.84	2.36	4.42	6.44	8.37
Taxes	1.60	1.18	0.82	0.59	0.60	0.39	0.31	0.27
Insurance	0.73	0.80	0.72	0.72	0.61	0.68	0.58	0.50
Rent	1.75	0.94	0.77	0.66	4.79	3.69	3.17	2.02
Heat, light and power	0.84	0.53	0.50	0.43	0.21	0.49	0.44	0.33
Repairs and maintenance	1.39	0.85	0.97	0.95	0.46	0.68	0.55	0.45
Depreciation allowances	0.62	0.49	0.59	0.69	0.63	0.72	0.66	0.67
Store supplies	0.53	0.55	0.91	1.65	0.47	0.98	1.26	1.80
Advertising	0.05	0.12	0.31	0.26	0.39	0.12	0.20	0.27
Bad debts-written off	—	0.01	0.02	0.04	0.06	0.01	0.03	0.05
(Less) amount recovered	0.05	0.11	0.29	0.22	0.33	0.11	0.17	0.22
Net bad debt loss	1.98	2.46	2.34	2.63	2.25	3.35	2.82	2.50
All other expenses								
Total operating expenses	14.08	12.53	13.39	17.38	13.67	16.27	16.93	17.61
Net operating profit before deduction of proprietors' salaries and income tax	12.13	10.87	12.28	9.17	14.47	10.61	9.33	9.76

TABLE 2. Independent Men's Clothing Stores Operating Results of Incorporated Stores by Sales Volume and Occupancy Basis, 1952

Item	Owned Stores with sales \$100,000 and over	Rented Stores with annual net sales of		
		\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	10	9	33	70
Average net sales per store	\$ 255,150	40,066	76,364	182,961
Average cost of goods sold	\$ 181,721	27,953	55,065	128,614
Average beginning inventory	\$ 81,272	15,591	30,829	57,854
Average inventory, end of year	\$ 69,435	15,069	27,927	52,751
Stock turnover (times per year)	2.41	1.82	1.87	2.33
Profit and Loss Data (Per cent of net sales)				
Gross profit	28.78	30.23	27.89	29.70
Operating expenses:				
Employees' salaries and wages	14.73	17.53	14.07	14.64
Taxes	0.93	0.38	0.46	0.36
Insurance	0.88	0.63	0.65	0.54
Rent	—	3.64	4.04	3.39
Heat, light and power	0.66	0.54	0.66	0.56
Repairs and maintenance	0.70	0.08	0.26	0.42
Depreciation allowances	1.26	0.37	0.49	0.57
Store supplies	0.55	0.67	0.70	0.64
Advertising	2.27	1.48	1.51	2.26
Bad debts-written off	0.17	0.01	0.28	0.41
(Less) amount recovered	0.03	0.02	0.04	0.15
Net bad debt loss	0.14	0.01	0.24	0.26
All other expenses	3.98	2.54	2.59	2.78
Total operating expenses	26.10	27.85	25.67	26.44
Net operating profit before provision for income tax	2.68	2.38	2.22	3.26

1. Net gain from recovery of bad debts written off.

TABLE 3. Independent Men's Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1952

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	
Assets				
Current assets:				
Cash on hand and in bank	3,614	7,510	11,923	6,759
Accounts and notes receivable (net)	894	2,668	15,005	4,621
Merchandise inventory	13,194	23,991	53,234	25,691
Other current assets	3,015	3,934	3,999	3,540
Total current assets	20,717	38,103	84,161	40,611
Fixed assets (net):				
Used in the business	7,838	14,495	36,884	16,511
Not used in the business	1,911	1,645	839	1,585
Total fixed assets (net)	9,749	16,140	37,723	18,096
Other assets:				
Investment of a permanent nature	1,552	800	5,946	2,278
Intangibles	816	133	1,031	636
Total other assets	2,368	933	6,977	2,914
Total assets	32,834	55,176	128,861	61,621
Liabilities				
Current liabilities — accounts and notes payable	4,996	11,758	27,319	12,211
Fixed liabilities — mortgages on fixed assets:				
Used in the business	895	3,796	7,457	3,320
Not used in the business	914	—	2,050	862
Other liabilities	1,120	249	1,526	920
Total liabilities	7,925	15,803	38,352	17,313
Net worth — proprietor's or partners' equity in the business	24,909	39,373	90,509	44,308
Total liabilities and net worth	32,834	55,176	128,861	61,621
Number of stores reporting ..	40	30	20	90
Average net sales of stores reporting	34,561	70,618	206,849	84,866

TABLE 4. Independent Men's Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1952

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank.....	1,782	3,436	2,609	3,821	6,230	5,260	8,124	12,563	11,084	5,310
Accounts and notes receivable (net)	1,438	1,018	1,228	3,764	2,999	3,307	7,990	9,252	8,831	3,557
Merchandise inventory	12,744	13,985	13,365	24,404	24,459	24,437	39,809	42,045	41,299	23,001
Other current assets.....	1,000	1,735	1,367	732	1,744	1,337	620	7,176	4,991	2,157
Total current assets	16,964	20,174	18,569	32,721	35,432	34,341	56,543	71,036	66,205	34,025
Fixed assets (net):										
Used in the business	1,530	1,993	1,762	2,641	1,680	2,067	3,110	4,237	3,861	2,320
Not used in the business	527	1,583	1,055	1,279	5,201	3,622	1,774	2,294	2,121	2,097
Total fixed assets (net)	2,057	3,576	2,817	3,920	6,881	5,689	4,884	6,531	5,982	4,417
Other assets:										
Investments of a permanent nature	27	155	91	—	476	284	11	5,460	3,644	935
Intangibles	478	286	382	557	432	482	550	3,503	2,519	885
Total other assets	505	441	473	557	908	766	561	8,963	6,163	1,820
Total assets	19,526	24,191	21,859	37,198	43,221	40,796	61,988	86,530	78,350	40,262

TABLE 4. Independent Men's Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1952 — Concluded

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Liabilities										
Current liabilities — accounts and notes payable	8,092	6,791	7,442	16,077	10,687	12,857	25,971	22,868	23,902	12,772
Fixed liabilities—mortgages on fixed assets:										
Used in the business	175	280	228	385	1,175	857	1,247	1,412	1,357	674
Not used in the business	—	702	350	1,081	3,026	2,243	86	977	680	1,018
Other liabilities	688	774	731	394	877	682	1,721	1,963	1,883	970
Total liabilities	8,955	8,547	8,751	17,937	15,765	16,639	29,025	27,220	27,822	15,434
Net worth — proprietor's or partners' equity in the business	10,571	15,644	13,108	19,261	27,456	24,157	32,963	59,310	50,528	24,828
Total liabilities and net worth	19,526	24,191	21,859	37,198	43,221	40,796	61,988	86,530	78,350	40,262
Number of stores reporting	57	57	114	31	46	77	18	36	54	245
Average net sales of stores reporting	32,610	37,214	34,912	69,076	66,558	67,572	141,646	170,680	161,002	72,968

TABLE 5. Independent Men's Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size of Business as at December 31, 1952

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Assets				
Current assets:				
Cash on hand and in bank	4,652	5,344	11,626	9,197
Accounts and notes receivable (net)	1,060	4,014	12,864	9,274
Merchandise inventory	15,069	27,984	53,748	42,929
Other current assets	65	3,211	4,573	3,792
Total current assets	20,846	40,553	82,811	65,192
Fixed assets (net):				
Used in the business	1,432	3,050	5,660	4,538
Not used in the business	—	285	2,199	1,452
Total fixed assets (net)	1,432	3,335	7,859	5,990
Other assets:				
Investments of a permanent nature	—	493	1,391	1,010
Intangibles	8,554	2,549	7,551	6,173
Total other assets	8,554	3,042	8,942	7,183
Total assets	30,832	46,930	99,612	78,365
Liabilities				
Current liabilities — accounts and notes payable	3,918	13,242	28,784	22,128
Fixed liabilities — mortgages on fixed assets:				
Used in the business	—	386	1,169	840
Not used in the business	—	—	—	—
Other liabilities	860	3,118	5,754	4,568
Total liabilities	4,778	16,746	35,707	27,536
Net worth:				
Capital stock	18,401	16,755	25,628	22,419
Surplus and undivided profits	7,653	13,429	38,277	28,410
Total net worth	26,054	30,184	63,905	50,829
Total liabilities and net worth	30,832	46,930	99,612	78,365
Number of stores reporting	9	31	66	106
Average net sales of stores reporting	40,066	76,183	182,929	139,582

INDEPENDENT WOMEN'S CLOTHING STORES

This classification includes stores recognized by the trade as independent women's clothing stores. The term "independent" is used to mean non-chain or single establishment firms. The sales of these stores were principally comprised of women's coats, suits and dresses, with related lines of accessories. Specialty stores such as hosiery shops, millinery stores and furriers were not included in this study.

Reports suitable for profit and loss statement information were received from 353 unincorporated and 72 incorporated firms. Of the 353 unincorporated stores, 66 were operated by owner-proprietors and the remaining 287 by lessee-proprietors. The in-

corporated stores were all operated in rented premises. Tabulations of average ratios are shown separately for each of these categories. In addition, a further differentiation was made to show average results for firms within typical annual sales-size ranges for each category.

Average balance sheet results were tabulated for both "owned" and "rented" categories of the unincorporated firms and "rented" category of the incorporated firms. There was a sufficient number of reporting unincorporated firms to allow the presentation of balance sheet data for businesses in operation "under 10 years" and "10 years and over" within each sales-size range.

Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant interpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged, or increased less than 10 per cent, the rent expense ratio would decline.

The 1952 gross profit ratios, expressed as percentages of average net sales, were slightly greater than the 1950 ratios for both unincorporated and incorporated firms. In addition, total operating expense ratios declined for both types of organization. The combined effect of larger "mark-ups" and lower expenses resulted in increases in net

operating profits from 7.66 cents per sale's dollar in 1950 to 7.95 cents in 1952 for unincorporated stores, and from 2.11 cents in 1950 to 2.81 cents in 1952 for incorporated stores. When expressed in dollar value, women's clothing stores realized a greater average net operating profit than is indicated by ratio comparison, because average net sales (or the number of sales' dollars) also increased.

For both incorporated and unincorporated women's clothing stores, the average inventory value, for those firms in the smaller sales-size ranges, was lower at the end of 1952 than at the beginning of the year. However, for firms in the larger sales-size ranges there was an increase in inventory value at the end of the year.

The average annual rate of stock turnover ranged from 1.83 in the smaller stores to 5.11 for stores in the largest sales-size category.

Operating Results of Independent Women's Clothing Stores 1950 and 1952 Compared

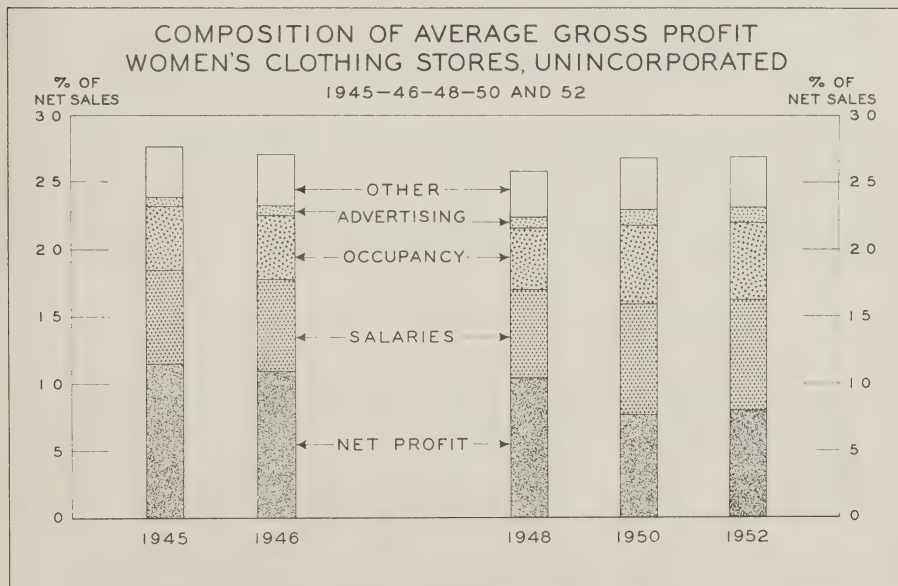
Item	Unincorporated		Incorporated	
	1950	1952	1950	1952
Average net sales	47,929	55,179	118,613	142,726
Profit and Loss Data (Per cent of net sales)				
Gross profit	26.76	26.81	28.97	29.32
Operating expenses:				
Employees salaries	8.19	8.21	14.85	15.28
Occupancy	5.87	5.79	6.43	5.95
Store supplies	0.62	0.67	0.67	0.74
Advertising	1.11	1.05	1.71	1.43
All other expenses	3.31	3.14	3.20	3.11
Total operating expenses	19.10	18.86	26.86	26.51
Net operating profit before deduction of income tax ¹	7.66	7.95	2.11	2.81

1. Proprietors salaries included for unincorporated stores.

Financial Ratios of Independent Women's Clothing Stores as at December 31, 1952

Ratio ¹	Unincorporated		Incorporated
	Owned	Rented	Rented
Current ratio	2.73	2.55	2.27
Liquidity ratio.....	1.19	1.07	1.18
Working capital to net worth	0.51	0.86	0.80
Worth debt ratio.....	2.39	1.58	1.45
Turnover of total capital employed	1.78	2.76	2.70

1. Ratio definitions are shown on page 6.



COMPOSITION OF AVERAGE GROSS PROFIT WOMEN'S CLOTHING STORES, INCORPORATED

1945-46-48-50 AND 52

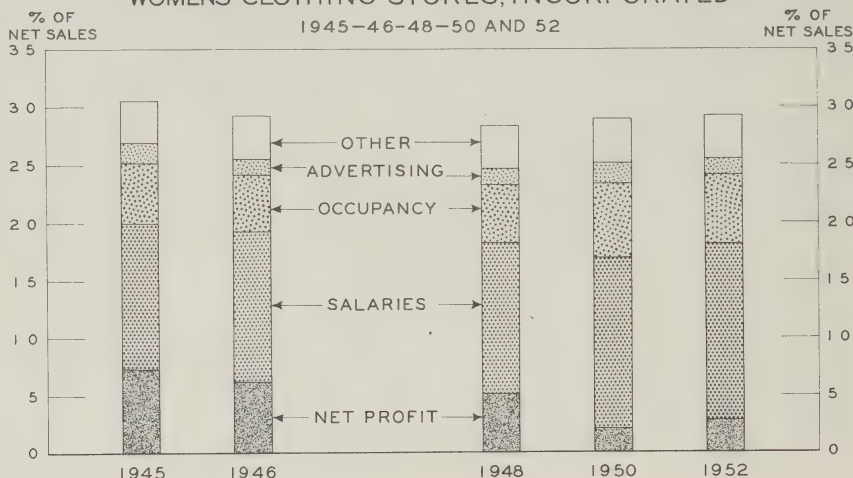


TABLE 6. Independent Women's Clothing Stores Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1952

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	11	33	13	9	47	117	79	35
Average net sales per store	\$ 14,275	\$ 34,255	\$ 77,299	\$ 151,226	\$ 15,125	\$ 34,307	\$ 71,271	\$ 154,296
Average cost of goods sold	\$ 10,557	\$ 25,784	\$ 59,020	\$ 111,138	\$ 10,700	\$ 24,834	\$ 51,463	\$ 114,295
Average beginning inventory	\$ 4,288	\$ 10,462	\$ 12,266	\$ 21,731	\$ 5,973	\$ 8,752	\$ 12,577	\$ 23,771
Average inventory, end of year	\$ 4,219	\$ 9,941	\$ 12,549	\$ 21,756	\$ 5,752	\$ 8,356	\$ 12,662	\$ 22,660
Stock turnover (times per year)	2.48	2.53	4.76	5.11	1.83	2.90	4.08	4.92
Profit and Loss Data (Per cent of net sales)								
Gross profit	26.04	24.73	23.65	26.51	29.26	27.61	27.79	25.92
Operating expenses:								
Employees' salaries and wages	3.90	4.87	8.32	10.15	5.00	7.43	8.51	9.30
Taxes	1.57	1.24	0.78	0.69	0.60	0.32	0.40	0.28
Insurance	0.60	0.75	0.60	0.68	0.58	0.58	0.49	0.50
Rent	—	—	—	—	5.35	4.33	3.43	2.75
Heat, light and power	1.71	1.25	0.76	0.67	1.20	0.79	0.56	0.46
Repairs and maintenance	0.77	0.66	0.61	0.58	0.47	0.46	0.43	0.50
Depreciation allowances	1.15	1.62	1.06	1.04	0.52	0.49	0.64	0.69
Store supplies	0.63	0.78	0.86	0.75	0.63	0.72	0.62	0.61
Advertising	0.58	0.50	1.07	1.19	0.85	0.88	1.12	1.22
Bad debts-written off	0.05	0.08	0.06	0.09	0.06	0.08	0.22	0.13
(Less) amount recovered	—	—	0.02	0.03	—	0.02	0.04	0.01
Net bad debt loss	0.05	0.08	0.04	0.06	0.06	0.06	0.18	0.12
All other expenses	3.54	2.78	3.15	2.59	3.12	3.15	3.31	2.75
Total operating expenses	14.50	14.53	17.25	18.40	18.43	19.21	19.69	19.18
Net operating profit before deduction of proprietors' salaries and income tax	11.54	10.20	6.40	8.11	10.83	8.40	8.10	6.74

TABLE 7. Independent Women's Clothing Stores - Operating Results of Incorporated Rented Stores, by Sales Volume, 1952

Item	Stores with annual net sales of		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	13	15	44
Average net sales per store	39,687	76,136	195,870
Average cost of goods sold	26,070	53,212	139,211
Average beginning inventory	10,569	14,040	27,198
Average inventory, end of year	10,006	14,024	28,811
Stock turnover (times per year)	2.53	3.79	4.97
Profit and Loss Data (Per cent of net sales)			
Gross profit	34.31	30.11	28.93
Operating expenses:			
Employees' salaries and wages	17.57	15.84	15.07
Taxes	0.74	0.89	0.43
Insurance	0.72	0.49	0.45
Rent	6.27	4.40	3.13
Heat, light and power	1.29	0.59	0.46
Repairs and maintenance	0.49	0.32	0.39
Depreciation allowances	0.74	0.81	0.63
Store supplies	0.76	0.98	0.70
Advertising	1.18	1.02	1.50
Bad debts-written off	0.17	0.10	0.28
(Less) amount recovered	0.02	0.01	0.07
Net bad loss	0.15	0.09	0.21
All other expenses	3.62	3.28	2.83
Total operating expenses	33.53	28.71	25.80
Net operating profit before provision for income tax	0.78	1.40	3.13

TABLE 8. Independent Women's Clothing Stores - Owned - Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1952

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Total	
Assets								
Current assets:								
Cash on hand and in bank	4,604	1,949	3,047	3,953	3,135	3,462	7,072	3,908
Accounts and notes receivable (net)	833	1,297	1,105	5,181	2,281	3,441	7,398	2,919
Merchandise inventory	12,010	8,889	10,181	14,772	12,875	13,513	17,778	12,514
Other current assets	997	1,466	1,272	3,233	510	1,600	9,529	2,892
Total current assets	18,444	13,601	15,605	27,139	18,601	22,016	41,777	22,233
Fixed assets (net):								
Used in the business	9,910	8,924	9,332	23,685	8,643	14,660	25,445	13,796
Not used in the business	—	1,313	770	—	5,526	3,315	—	1,334
Total fixed assets (net)	9,910	10,237	10,102	23,685	14,169	17,975	25,445	15,130
Other assets:								
Investments of a permanent nature	—	548	321	—	361	217	1,172	450
Intangibles	6,510	—	2,694	183	—	73	1,640	1,770
Total other assets	6,510	548	3,015	183	361	290	2,812	2,220
Total assets	34,864	24,386	28,722	51,007	33,131	40,281	70,034	39,583
Liabilities								
Current liabilities — accounts and notes payable	3,540	4,072	3,853	16,012	9,697	12,223	14,433	8,137
Fixed liabilities — mortgages on fixed assets:								
Used in the business	1,367	1,571	1,486	4,307	1,753	2,774	3,950	2,300
Not used in the business	667	412	517	—	2,266	1,359	—	655
Other liabilities	174	626	439	7	896	541	1,078	586
Total liabilities	5,748	6,681	6,295	20,326	14,612	16,897	19,461	11,678
Net worth — proprietor's or partners' equity in the business	29,116	17,705	22,427	30,681	18,519	23,384	50,573	27,905
Total liabilities and net worth	34,864	24,386	28,722	51,007	33,131	40,281	70,034	39,583
Number of stores reporting	12	17	29	6	9	15	10	54
Average net sales of stores reporting	35,946	33,399	34,453	76,424	77,142	76,855	153,471	68,272

TABLE 9. Independent Women's Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1952

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank	2,150	2,113	2,129	4,843	3,761	4,023	6,228	9,227	8,196	3,832
Accounts and notes receivable (net)	1,157	1,072	1,109	3,137	4,594	4,241	9,596	9,752	9,699	3,672
Merchandise inventory	9,100	8,270	8,624	13,205	13,090	13,118	23,432	21,793	22,356	12,548
Other current assets	809	717	756	1,337	1,793	1,682	764	5,448	3,838	1,609
Total current assets	13,216	12,172	12,618	22,522	23,238	23,064	40,020	46,220	44,089	21,661
Fixed assets (net):										
Used in the business	1,424	901	1,125	3,303	2,301	2,544	4,572	3,974	4,180	2,139
Not used in the business	17	301	179	532	152	244	451	1,754	1,306	399
Total fixed assets (net)	1,441	1,202	1,304	3,835	2,453	2,788	5,023	5,728	5,486	2,538
Other assets:										
Investments of a permanent nature	13	35	26	—	218	165	—	2,144	1,407	315
Intangibles	255	306	284	884	164	338	2,720	285	1,122	448
Total other assets	268	341	310	884	382	503	2,720	2,429	2,529	763
Total assets	14,925	13,715	14,232	27,241	26,073	26,355	47,763	54,377	52,104	24,962
Liabilities										
Current liabilities—accounts and notes payable ..	4,567	3,566	3,994	8,679	9,757	9,496	22,310	17,395	19,084	8,496
Fixed liabilities—mortgages on fixed assets:										
Used in the business	467	—	199	1,103	—	267	36	—	13	190
Not used in the business	—	161	93	—	—	—	—	—	—	45
Other liabilities	512	538	526	844	1,722	1,509	12	1,653	1,089	958
Total liabilities	5,546	4,265	4,812	10,626	11,479	11,272	22,358	19,048	20,186	9,689
Net worth—proprietor's or partners' equity in the business	9,379	9,450	9,420	16,615	14,594	15,083	25,405	35,329	31,918	15,273
Total liabilities and net worth	14,925	13,715	14,232	27,241	26,073	26,355	47,763	54,377	52,104	24,962
Number of stores reporting	38	51	89	15	47	62	11	21	32	183
Average net sales of stores reporting	33,407	35,360	34,527	69,480	73,158	72,268	126,919	164,078	151,305	67,734

TABLE 10. Independent Women's Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size of Business as at December 31, 1952

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Assets				
Current assets:				
Cash on hand and in bank.....	4,017	3,809	12,320	9,004
Accounts and notes receivable (net).....	2,740	3,853	10,852	7,893
Merchandise inventory.....	10,265	11,478	27,652	21,060
Other current assets.....	1,521	1,361	8,766	5,878
Total current assets.....	18,543	20,501	59,590	43,835
Fixed assets (net):				
Used in the business.....	2,034	1,971	7,336	5,234
Not used in the business.....	261	—	121	121
Total fixed assets (net).....	2,295	1,971	7,457	5,355
Other assets:				
Investments of a permanent nature.....	—	588	1,503	1,036
Intangibles.....	1,237	2,475	1,292	1,533
Total other assets.....	1,237	3,063	2,795	2,569
Total assets.....	22,075	25,535	69,842	51,759
Liabilities				
Current liabilities—accounts and notes payable.....	6,379	8,835	26,869	19,318
Fixed liabilities—mortgages on fixed assets:				
Used in the business.....	—	—	17	11
Not used in the business.....	—	—	—	—
Other liabilities.....	2,141	1,661	1,801	1,837
Total liabilities.....	8,520	10,516	28,687	21,166
Net worth:				
Capital stock.....	8,599	6,846	14,137	11,584
Surplus and undivided profits.....	4,956	8,173	27,018	19,009
Total net worth.....	13,555	15,019	41,155	30,593
Total liabilities and net worth.....	22,075	25,535	69,842	51,759
Number of stores reporting.....	12	14	40	66
Average net sales of stores reporting.....	39,485	75,917	191,320	139,234

INDEPENDENT FAMILY CLOTHING STORES

This classification includes stores recognized by the trade as independent women's clothing stores. The term "independent" is used to mean non-chain or single establishment firms. The sales of the reporting stores were comprised of a general line of men's, women's and children's clothing and furnishings. In some instances additional commodities, such as notions, piece goods etc., were stocked. However if these constituted more than 20 per cent of annual sales, the firm's results were not used in the tabulations.

Reports suitable for operating result tabulations were received from 269 independent unincorporated and 53 independent incorporated firms. Results of family clothing stores operated in owned

or rented premises are presented separately for unincorporated stores. Incorporated firms' results are shown for firms operated in rented premises only. Within each of these classifications a further differentiation was made to show average results for firms within typical annual sales-size ranges.

Average balance sheet results were tabulated for both "owned" and "rented" categories of the unincorporated firms and "rented" category of the incorporated firms. There was a sufficient number of firms to allow the presentation of balance sheet data for businesses in operation "under 10 years" and "10 years and over" for unincorporated "rented" stores.

Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant interpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged, or increased less than 10 per cent, the rent expense ratio would decline.

Of the family clothing stores surveyed, unincorporated firms' results for 1952 were more favourable than the 1950 averages; whereas incorporated firms reported slightly less favourable results for 1952. Comparison of the unincorporated firms' results shows increased net sales for 1952 with

resultant ratio declines for both gross profit and total operating expenses. However, the total operating expenses ratio decreased to a greater extent than did the gross profit ratio. Consequently, the 1952 net operating profit represented 8.85 cents of each sales' dollar compared to 8.68 cents in 1950. When expressed in dollar value, unincorporated family clothing stores realized a greater net operating profit than is indicated by ratio comparison, because average net sales (or the number of sales' dollars) also increased.

In total, unincorporated stores reported inventories of slightly higher value at the end of 1952 than at the beginning of the year. Conversely, incorporated firms averaged higher valued inventories at the beginning of the year.

The average annual rate of stock turnover ranged from 1.19 in the smaller stores to 3.26 for firms in the largest sales-size category.

Operating Results of Independent Family Clothing Stores 1950 and 1952 Compared

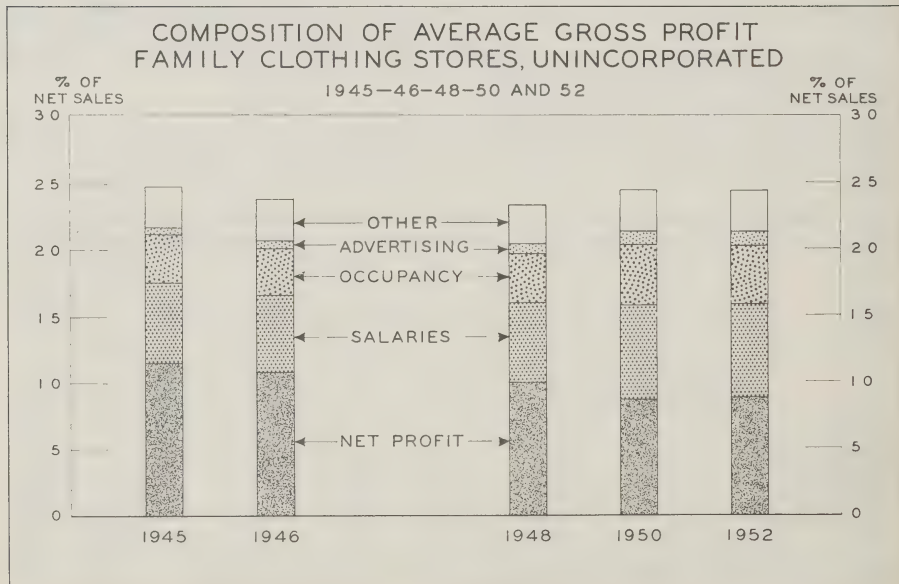
Item	Unincorporated		Incorporated	
	1950	1952	1950	1952
Average net sales	\$ 62,996	73,601	286,596	267,180
Profit and Loss Data (Per cent of net sales)				
Gross profit	24.41	24.38	29.64	29.78
Operating expenses:				
Employees' salaries	7.08	7.03	14.89	14.66
Occupancy	4.54	4.37	4.79	4.71
Store supplies	0.50	0.59	0.75	0.80
Advertising	1.01	1.07	2.69	2.56
All other expenses	2.60	2.47	2.96	3.53
Total operating expenses	15.73	15.53	26.08	26.26
Net operating profit before deduction of income tax ¹	8.68	8.85	3.56	3.48

1. Proprietors' salaries included for unincorporated stores.

Financial Ratios of Independent Family Clothing Stores as at December 31, 1932

Ratio ¹	Unincorporated		Incorporated
	Owned	Rented	Rented
Current ratio	3.91	2.98	2.54
Liquidity ratio	1.29	1.03	1.32
Working capital to net worth	0.73	0.87	0.86
Worth debt ratio	2.84	1.86	1.59
Turnover of total capital employed	1.42	1.92	1.85

1. Ratio definitions are shown on page 6.



COMPOSITION OF AVERAGE GROSS PROFIT FAMILY CLOTHING STORES, INCORPORATED

1945-46-48-50 AND 52

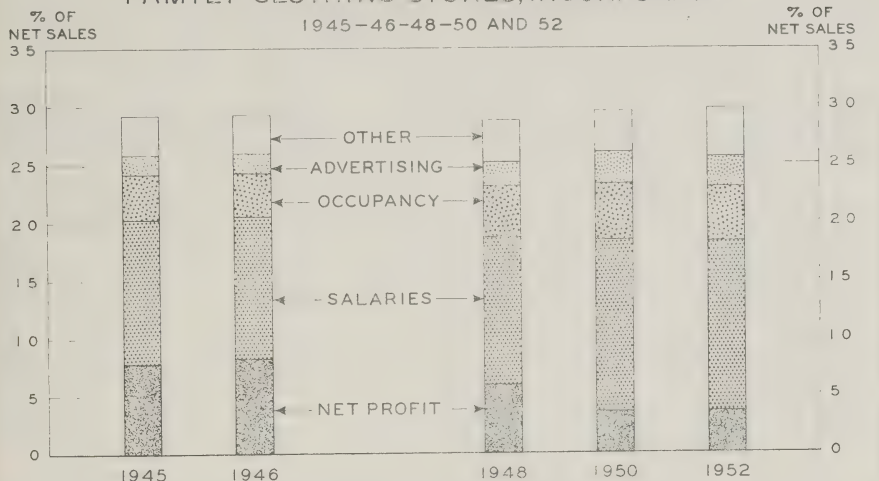


TABLE 11. Independent Family Clothing Stores Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1952

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	13	30	44	22	20	57	53	30
Average net sales per store	\$ 15,904	32,087	67,867	213,780	15,172	35,386	70,827	181,983
Average cost of goods sold	\$ 12,090	24,238	52,332	162,582	11,244	26,471	53,319	136,701
Average beginning inventory	\$ 10,144	12,825	28,332	50,301	9,596	14,363	24,149	46,048
Average inventory, end of year	\$ 10,254	13,059	27,827	53,108	9,499	14,330	24,874	45,246
Stock turnover (times per year)	1.19	1.87	1.86	3.14	1.18	1.85	2.18	2.99
Profit and Loss Data (Per cent of net sales)								
Gross profit	23.97	24.46	22.89	23.95	25.89	25.19	24.72	24.88
Operating expenses:								
Employees' salaries and wages	4.41	5.39	6.41	8.02	4.06	5.05	6.37	8.34
Taxes	1.84	1.05	0.72	0.77	0.91	0.42	0.37	0.28
Insurance	1.13	0.95	0.78	0.74	0.90	0.73	0.64	0.53
Rent	—	—	—	—	6.72	3.10	2.17	1.81
Heat, light and power	1.68	1.14	0.90	0.65	0.98	0.70	0.57	0.49
Repairs and maintenance	1.56	0.72	0.75	0.37	0.20	0.43	0.42	0.30
Depreciation allowances	1.99	0.95	0.96	0.85	0.86	0.57	0.52	0.49
Store supplies	0.77	0.53	0.59	0.70	0.74	0.88	0.50	0.52
Advertising	0.58	0.56	0.71	1.35	0.69	0.52	0.93	1.45
Bad debts-written off	0.03	0.24	0.11	0.30	—	0.22	0.26	0.54
(Less) amount recovered	0.01	0.02	0.02	0.08	—	0.01	0.11	0.25
Net bad debt loss	0.02	0.22	0.09	0.22	—	0.21	0.15	0.29
All other expenses	2.19	1.98	2.41	1.94	2.15	2.97	2.27	2.29
Total operating expenses	16.16	13.49	14.32	15.61	18.21	15.39	14.91	16.79
Net operating profit before deduction of proprietors' salaries and income tax	7.81	10.97	8.57	8.34	7.68	9.80	9.81	8.09

TABLE 12. Independent Family Clothing Stores — Operating Results of Incorporated Rented Stores by Sales Volume 1952

Item	Stores with annual net sales of		
	\$20,000 to \$99,999	\$100,000 to \$399,999	\$400,000 and over
Number of stores reporting	19	21	13
Average net sales per store	\$ 75,319	234,061	601,093
Average cost of goods sold	\$ 54,069	168,061	414,846
Average beginning inventory	\$ 29,417	53,871	131,812
Average inventory, end of year	\$ 28,905	52,292	123,042
Stock turnover (time per year)	1.85	3.17	3.26
Profit and Loss Data (Per cent of net sales)			
Gross profit	28.21	28.20	30.98
Operating expenses:			
Employees' salaries and wages	13.09	14.08	15.32
Taxes	0.33	0.34	0.43
Insurance	0.74	0.49	0.37
Rent	2.48	2.24	2.14
Heat, light and power	0.67	0.55	0.55
Repairs and maintenance	0.39	0.45	0.41
Depreciation allowances	0.56	0.57	0.76
Store supplies	0.50	0.81	0.85
Advertising	0.81	2.06	3.20
Bad debts-written off	1.03	1.08	1.37
(Less) amount recovered	0.32	0.21	0.32
Net bad debt loss	0.71	0.87	1.05
All other expenses	3.03	1.97	2.87
Total operating expenses	23.31	24.43	27.95
Net operating profit before provision for income tax	4.90	3.77	3.03

TABLE 13. Independent Family Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1952

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	
Assets				
Current assets:				
Cash on hand and in bank.....	3,084	4,841	10,735	5,739
Accounts and notes receivable (net).....	1,438	2,992	10,128	4,225
Merchandise inventory.....	13,662	28,284	44,403	28,255
Other current assets.....	2,600	4,121	5,012	3,939
Total current assets.....	20,784	40,238	70,278	42,158
Fixed assets (net):				
Used in the business.....	6,857	11,654	18,942	12,100
Not used in the business.....	1,392	1,436	2,202	1,599
Total fixed assets (net).....	8,249	13,090	21,144	13,699
Other assets:				
Investments of a permanent nature.....	2,105	294	4,578	1,729
Intangibles.....	181	402	475	362
Total other assets	2,286	696	5,053	2,091
Total assets	31,319	54,024	96,475	57,948
Liabilities				
Current liabilities—accounts and notes payable.....	5,767	11,167	15,528	10,794
Fixed liabilities—mortgages on fixed assets:				
Used in the business.....	350	1,734	4,040	1,909
Not used in the business.....	720	113	83	260
Other liabilities	1,040	1,674	4,349	2,123
Total liabilities	7,877	14,688	24,000	15,086
Net worth—proprietor's or partners' equity in the business	23,442	39,336	72,475	42,862
Total liabilities and net worth	31,319	54,024	96,475	57,948
Number of stores reporting	20	41	18	79
Average net sales of stores reporting.....	33,151	67,439	159,567	79,750

TABLE 14. Independent Family Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1952

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 to \$49,999			\$50,000 to \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank	1,737	2,920	2,534	4,607	5,356	5,231	5,362	15,930	12,156	5,650
Accounts and notes receivable (net)	3,022	869	1,573	4,562	3,384	3,580	9,226	16,739	14,056	5,056
Merchandise inventory	14,573	14,554	14,560	22,614	24,427	24,125	43,168	47,328	45,842	24,990
Other current assets	1,189	2,242	1,897	59	3,699	3,259	677	2,625	1,930	2,415
Total current assets	20,521	20,585	20,564	31,842	37,066	36,196	58,433	82,622	73,984	38,111
Fixed assets (net):										
Used in the business	2,124	1,423	1,652	6,976	4,706	5,084	5,318	4,268	4,643	3,594
Not used in the business	—	1,876	1,263	812	2,652	2,345	2,840	3,185	3,062	2,062
Total fixed assets (net)	2,124	3,299	2,915	7,788	7,358	7,429	8,158	7,453	7,705	5,656
Other assets:										
Investments of a permanent nature	—	—	—	—	1,150	958	—	208	133	389
Intangibles	883	323	506	116	351	312	941	569	702	476
Total other assets	883	323	506	116	1,501	1,270	941	777	835	865
Total assets	23,528	24,207	23,985	39,746	45,925	44,894	67,532	90,852	82,524	44,632
Liabilities										
Current liabilities — accounts and notes payable	7,792	6,090	6,647	15,357	11,578	12,207	22,320	26,677	25,121	12,773
Fixed liabilities — mortgages on fixed assets:										
Used in the business	—	—	—	1,625	1,764	1,741	2,350	—	839	836
Not used in the business	—	530	357	—	1,093	911	—	1,194	768	655
Other liabilities	3,862	313	1,473	3,713	415	965	2,155	1,643	1,826	1,360
Total liabilities	11,654	6,933	8,477	20,695	14,850	15,824	26,825	29,514	28,554	15,624
Net worth — proprietor's or partners' equity in the business	11,874	17,274	15,508	19,051	31,075	29,070	40,707	61,338	53,970	29,008
Total liabilities and net worth	23,528	24,207	23,985	39,746	45,925	44,894	67,532	90,852	82,524	44,632
Number of stores reporting	17	35	52	8	40	48	10	18	28	128
Average net sales of stores reporting	38,125	34,954	35,991	66,274	71,895	70,958	173,740	192,014	185,487	81,806

TABLE 15. Independent Family Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size of Business as at December 31, 1952

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000- \$99,999	\$100,000- \$399,999	\$400,000 and over	
Assets				
Current assets:				
Cash on hand and in bank	4,116	15,598	19,706	12,704
Accounts and notes receivable (net)	6,802	30,932	94,320	39,377
Merchandise inventory	29,543	51,973	123,738	63,231
Other current assets	1,305	18,707	30,340	15,756
Total current assets	41,766	117,210	268,104	131,068
Fixed assets (net):				
Used in the business	3,937	6,361	22,754	9,869
Not used in the business	46	2,340	3,954	1,972
Total fixed assets (net)	3,983	8,701	26,708	11,841
Other assets:				
Investments of a permanent nature	242	3,336	9,334	3,854
Intangibles	2,203	5,025	6,018	4,309
Total other assets	2,445	8,361	15,352	8,163
Total assets	48,194	134,272	310,164	151,072
Liabilities				
Current liabilities — accounts and notes payable	12,415	48,845	106,430	51,483
Fixed liabilities — mortgages on fixed assets:				
Used in the business	1,156	105	654	615
Not used in the business	32	121	923	303
Other liabilities	5,475	5,653	6,718	5,874
Total liabilities	19,078	54,724	114,725	58,275
Net worth:				
Capital stock	18,495	31,447	79,072	39,588
Surplus and undivided profits	10,621	48,101	116,387	53,209
Total net worth	29,116	79,548	195,439	92,797
Total liabilities and net worth	48,194	134,272	310,164	151,072
Number of stores reporting	17	19	13	49
Average net sales of stores reporting	76,821	230,601	601,093	275,540

INDEPENDENT FAMILY SHOE STORES

This classification includes stores recognized by the trade as independent family shoe stores. The term "independent" is used to mean non-chain or single establishment firms. The sales of these stores were comprised of a general line of footwear with small quantities of related lines of merchandise. Results of specialized stores which sold ladies' or men's shoes exclusively were not used in the tabulations.

Reports suitable for profit and loss statement information were received from 259 unincorporated and 51 incorporated firms. Of the 259 unincorporated stores, 61 were operated by owner-proprietors and 198 by lessee-proprietors. The incorporated stores

were all operated in rented premises. Tabulations of average ratios are shown separately for each of these categories. In addition a further differentiation was made to show average results for firms within typical annual sales-size ranges for each category.

Average balance sheet results were tabulated for both "owned" and "rented" categories of the unincorporated firms and "rented" category of the incorporated firms. There was a sufficient number of reporting unincorporated firms to allow the presentation of balance sheet data for businesses in operation "under 10 years" and "10 years and over" within each sales-size range.

Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant interpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged, or increased less than 10 per cent, the rent expense ratio would decline.

Of the family shoe stores surveyed, unincorporated firms' results for 1952 were more favourable than the 1950 averages; whereas the incorporated firms reported slightly less favourable results for 1952. Comparison of the unincorporated firms' results shows increased "mark-up" or gross profit ratios in conjunction with increased average net sales. Total operating expenses also increased but less than the ratio increase of gross profit. Consequently the 1952 net operating profit represented 10.75 cents of the average net sales' dollar

compared to 10.55 cents in 1950. When expressed in dollar value, unincorporated family shoe stores realized a greater net operating profit than indicated by ratio comparison because the average net sales (or the number of sales' dollars) also increased.

Incorporated stores reported declines in average net sales and average mark-up. The lower total operating expenses, in relation to net sales, were insufficient to offset the lower average gross profit ratio. Therefore, in addition to lower average net sales (or the number of sales' dollars) incorporated family shoe stores averaged only 3.26 cents net profit per average sales' dollar in 1952, compared to 4.77 cents in 1950.

In total, unincorporated stores reported inventories of slightly higher value at the end of 1952 than at the beginning of the year. Conversely, incorporated firms averaged slightly higher valued inventories at the beginning of the year.

The average annual rate of stock turnover ranged from 1.58 in the smaller stores to 2.68 for firms in the largest sales-size category.

Operating Results of Independent Family Shoe Stores 1950 and 1952 Compared

Item	Unincorporated		Incorporated	
	1950	1952	1950	1952
Average net sales	\$ 48,768	56,271	127,818	116,870
Profit and Loss Data (Per cent of net sales)				
Gross profit	27.35	27.67	31.95	30.03
Operating expenses:				
Employees' salaries	7.60	7.71	15.62	15.50
Occupancy	5.36	5.38	6.43	5.97
Store supplies	0.53	0.52	0.63	0.48
Advertising	1.10	1.16	2.07	1.88
All other expenses	2.21	2.15	2.43	2.94
Total operating expenses	16.80	16.92	27.18	26.77
Net operating profit before deduction of income tax ¹	10.55	10.75	4.77	3.26

1. Proprietors' salaries included for unincorporated stores.

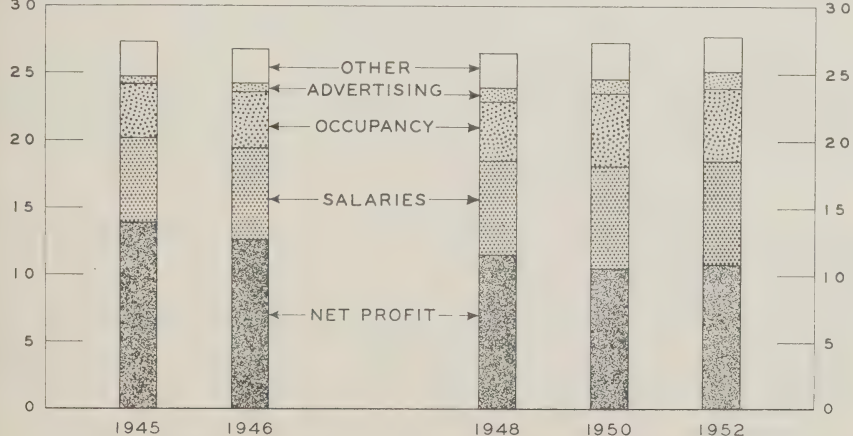
Financial Ratios of Independent Family Shoe Stores as at December 31, 1952

Ratio ¹	Unincorporated		Incorporated
	Owned	Rented	Rented
Current ratio	3.88	3.21	2.62
Liquidity ratio	0.92	0.75	0.55
Working capital to net worth	0.69	0.91	0.77
Worth debt ratio	2.45	2.10	2.01
Turnover of total capital employed	1.36	1.93	1.89

1. Ratio definitions are shown on page 6.

COMPOSITION OF AVERAGE GROSS PROFIT
FAMILY SHOE STORES, UNINCORPORATED

1945-46-48-50 AND 52

% OF
NET SALES
30% OF
NET SALES
30

COMPOSITION OF AVERAGE GROSS PROFIT FAMILY SHOE STORES, INCORPORATED

1945-46-48-50 AND 52

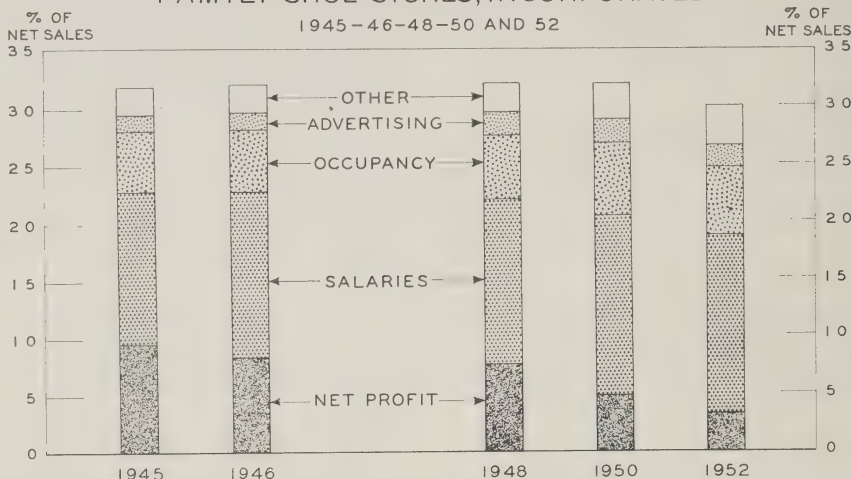


TABLE 16. Independent Family Shoe Stores Operating Results of Unincorporated Stores by Sales Volume and Occupancy Bases, 1952

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	13	30	9	6	23	77	67	28
Average net sales per store	\$ 14,766	\$ 33,574	\$ 74,361	\$ 156,028	\$ 16,537	\$ 33,797	\$ 68,118	\$ 149,268
Average cost of goods sold	\$ 10,719	\$ 24,483	\$ 55,701	\$ 113,165	\$ 12,109	\$ 25,223	\$ 49,494	\$ 104,361
Average beginning inventory	\$ 5,913	\$ 15,136	\$ 27,096	\$ 57,852	\$ 9,717	\$ 15,028	\$ 27,010	\$ 38,290
Average inventory, end of year	\$ 5,968	\$ 15,833	\$ 29,595	\$ 49,310	\$ 9,592	\$ 15,163	\$ 28,254	\$ 39,612
Stock turnover (times per year)	1.80	1.58	1.96	2.11	1.25	1.67	1.79	2.68
Profit and Loss Data (Per cent of net sales)								
Gross profit	27.42	27.07	25.09	27.47	26.77	25.37	27.34	30.08
Operating expenses:								
Employees' salaries and wages	3.20	6.20	5.38	10.52	4.92	5.31	7.82	9.68
Taxes	2.49	1.18	0.68	0.65	0.86	0.37	0.38	0.34
Insurance	1.56	0.66	0.69	0.63	0.74	0.59	0.52	0.39
Rent	—	—	—	—	4.47	3.54	3.70	3.17
Heat, light and power	1.90	0.97	0.48	0.72	1.23	0.69	0.52	0.38
Repairs and maintenance	0.01	0.66	0.38	0.33	0.30	0.40	0.40	0.21
Depreciation allowances	1.28	1.40	0.54	0.62	0.76	0.50	0.46	0.44
Store supplies	1.35	0.59	0.42	0.64	0.60	0.51	0.38	0.64
Advertising	0.49	1.21	0.64	1.21	0.57	0.79	1.08	1.65
Bad debts-written off	0.24	0.05	0.17	0.05	0.10	0.03	0.05	0.03
(Less) amount recovered	—	—	0.04	—	—	—	0.01	0.01
Net bad debt loss	0.24	0.05	0.13	0.05	0.10	0.03	0.04	0.02
All other expenses	2.35	2.73	1.49	1.64	1.96	2.02	1.99	2.35
Total operating expenses	14.87	15.65	10.83	17.01	16.51	14.75	17.29	19.27
Net operating profit before deduction of proprietors' salaries and income tax	12.55	11.42	14.26	10.46	10.26	10.62	10.05	10.81

TABLE 17. Independent Family Shoe Stores — Operating Results of Incorporated Rented Stores, by Sales Volume, 1952

Item	Stores with annual net sales of	
	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting.....	18	26
Average net sales per store.....	\$ 75,922	165,607
Average cost of goods sold.....	\$ 54,332	115,347
Average beginning inventory.....	\$ 26,450	56,104
Average inventory, end of year.....	\$ 26,158	54,839
Stock turnover (times per year).....	207	208
Profit and Loss Data (Per cent of net sales)		
Gross profit.....	28.44	30.35
Operating expenses:		
Employees' salaries and wages.....	15.05	15.34
Taxes.....	0.49	0.50
Insurance.....	0.65	0.44
Rent.....	3.20	3.30
Heat, light and power.....	0.55	0.42
Repairs and maintenance.....	0.32	0.48
Depreciation allowances.....	0.68	0.62
Store supplies.....	0.46	0.46
Advertising.....	1.03	2.20
Bad debts-written off.....	0.06	0.05
(Less) amount recovered.....	0.01	0.01
Net bad debt loss.....	0.05	0.04
All other expenses.....	2.60	3.04
Total operating expenses.....	25.08	26.84
Net operating profit before provision for income tax.....	3.36	3.51

TABLE 18. Independent Family Shoe Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1952

Item	Stores with annual net sales of					Total all sizes \$20,000 and over
	\$20,000 to \$49,999			\$50,000 to \$99,999	\$100,000 and over	
	Under 10 years	10 years and over	Total			
Assets						
Current assets:						
Cash on hand and in bank.....	1,121	3,230	2,471	3,351	15,255	4,618
Accounts and notes receivable (net).....	161	832	590	1,572	997	854
Merchandise inventory.....	17,109	15,525	16,095	28,561	49,310	23,762
Other current assets.....	438	556	514	1,227	8,908	1,952
Total current assets.....	18,829	20,143	19,670	34,711	74,470	31,186
Fixed assets (net):						
Used in the business.....	13,730	10,383	11,588	8,603	23,910	12,871
Not used in the business.....	553	1,520	1,172	—	7,975	1,978
Total fixed assets (net).....	14,283	11,903	12,760	8,603	31,885	14,849
Other assets:						
Investments of a permanent nature.....	—	1,099	704	3,385	2,200	1,484
Intangibles.....	54	—	19	—	35	18
Total other assets.....	54	1,099	723	3,385	2,235	1,502
Total assets.....	33,166	33,145	33,153	46,699	108,590	47,537
Liabilities						
Current liabilities — accounts and notes payable.....	9,683	4,064	6,087	9,556	14,204	8,047
Fixed liabilities — mortgages on fixed assets:						
Used in the business.....	5,367	1,836	3,107	1,689	6,403	3,323
Not used in the business.....	333	430	395	—	2,417	625
Other liabilities.....	1,345	827	1,014	4,410	1,500	1,785
Total liabilities.....	16,728	7,157	10,603	15,654	24,524	13,780
Net worth — proprietor's or partners' equity in the business.....	16,438	25,988	22,550	31,045	84,066	33,757
Total liabilities and net worth.....	33,166	33,145	33,153	46,699	108,590	47,537
Number of stores reporting.....	9	16	25	3	6	39
Average net sales of stores reporting.....	35,977	34,839	35,249	74,893	156,028	61,962

TABLE 19. Independent Family Shoe Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1952

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 to \$49,999			\$50,000 to \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank.....	2,784	3,970	3,377	3,869	3,077	3,392	6,039	8,432	7,762	4,139
Accounts and notes receivable (net).....	508	193	352	670	900	809	1,504	1,705	1,649	759
Merchandise inventory.....	15,573	15,892	15,728	27,561	28,070	27,868	42,270	38,747	39,733	24,723
Other current assets.....	596	3,266	1,931	385	2,853	1,874	1,724	8,489	6,595	2,712
Total current assets.....	19,461	23,316	21,388	32,485	34,900	33,943	51,537	57,373	55,739	32,333
Fixed assets (net):										
Used in the business.....	1,123	1,203	1,163	1,594	1,462	1,514	4,541	2,469	3,049	1,629
Not used in the business.....	918	661	785	3,405	27	1,367	3,868	327	1,318	1,109
Total fixed assets (net).....	2,041	1,854	1,948	4,999	1,489	2,881	8,409	2,796	4,367	2,738
Other assets:										
Investments of a permanent nature.....	58	428	243	122	755	504	5,827	—	1,631	587
Intangibles.....	398	—	199	568	73	268	4	437	316	247
Total other assets.....	456	428	442	690	828	773	5,831	437	1,947	834
Total assets.....	21,958	25,598	23,778	38,174	37,217	37,597	65,777	60,606	62,053	35,905
Liabilities										
Current liabilities — accounts and notes payable.....	5,591	5,615	5,603	11,765	11,229	11,441	26,224	14,828	18,019	10,080
Fixed liabilities—mortgages on fixed assets:										
Used in the business.....	131	545	338	1,231	—	488	—	31	22	343
Not used in the business.....	16	—	8	2,318	—	919	1,133	167	437	447
Other liabilities.....	1,209	462	836	893	416	606	643	554	579	699
Total liabilities.....	6,947	6,622	6,785	16,207	11,645	13,454	28,000	15,580	19,057	11,569
Net worth — proprietor's or partners' equity in the business.....	15,011	18,876	16,993	21,967	25,572	24,143	37,777	45,026	42,996	24,336
Total liabilities and net worth.....	21,958	25,598	23,778	38,174	37,217	37,597	65,777	60,606	62,053	35,905
Number of stores reporting.....	31	31	62	23	35	58	7	18	25	145
Average net sales of stores reporting.....	34,030	35,638	34,834	69,261	67,440	68,162	135,695	148,608	144,992	67,158

TABLE 20. Independent Family Shoe Stores — Rented — Financial Structure of Incorporated Stores by Size of Business as at December 31, 1952

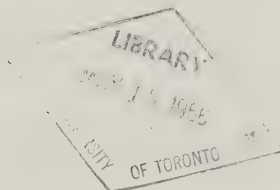
Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Assets				
Current assets:				
Cash on hand and in bank	911	3,737	5,492	4,125
Accounts and notes receivable (net)	689	1,458	2,661	1,909
Merchandise inventory	21,925	25,169	54,111	38,466
Other current assets	79	471	8,314	4,152
Total current assets	23,604	30,835	70,578	48,852
Fixed assets (net):				
Used in the business	1,605	3,401	4,015	3,408
Not used in the business	—	445	887	576
Total fixed assets (net)	1,605	3,846	4,882	3,984
Other assets:				
Investments of a permanent nature	4,436	1,302	2,427	2,337
Intangibles	2,151	1,585	5,864	3,718
Total other assets	6,587	2,887	8,291	6,055
Total assets	31,796	37,568	83,751	58,891
Liabilities				
Current liabilities — accounts and notes payable	11,591	9,962	27,477	18,581
Fixed liabilities — mortgages on fixed assets:				
Used in the business	—	—	42	20
Not used in the business	—	—	73	35
Other liabilities	177	44	1,685	848
Total liabilities	11,768	10,006	29,277	19,484
Net worth:				
Capital stock	13,649	13,975	30,730	21,919
Surplus and undivided profits	6,379	13,587	23,744	17,288
Total net worth	20,028	27,562	54,474	39,207
Total liabilities and net worth	31,796	37,568	83,751	58,691
Number of stores reporting	7	16	21	44
Average net sales of stores reporting	41,144	74,908	159,201	109,767

63-406



CANADA

**OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL CLOTHING STORES
1954
(Independent)**



Published by Authority of
The Right Honourable C. D. Howe, Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS
Industry and Merchandising Division
Merchandising and Services Section

NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I**—The Primary Industries, including mining, forestry and fisheries; **Volume II**—Manufacturing; **Volume III**—Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I—Wholesale Statistics

- A—Wholesale Trade, 25¢
- *B—Operating Results of Food Wholesalers, 25¢
- *C—Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- *D—1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
 - 2 Operating Results of Drug Wholesalers, 25¢
 - 3 Operating Results of Hardware Wholesalers, 25¢
 - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
 - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

Part II—Retail Statistics

- E—General Review—(Discontinued)
- F—Retail Trade, 50¢
- G—Retail Chain Stores, 50¢
- *H—Operating Results of Food Store Chains, 25¢
- *I—Operating Results of Clothing Store Chains, 25¢
- *J—1 Operating Results of Variety Store Chains, 25¢
 - 2 Operating Results of Drug Stores Chains, 25¢
 - 3 Operating Results of Furniture Store Chains, 25¢
- K—Operating Results of Independent Food Stores, 25¢
- L—Operating Results of Independent Clothing Stores, 25¢
- M—Operating Results of Independent Hardware, Furniture, Appliance and Radio Stores, 25¢
- N—Operating Results of Filling Stations & Garages, 25¢
- O—1 Operating Results of Independent General Stores, 25¢
 - 2 Operating Results of Independent Restaurants, 25¢
 - 3 Operating Results of Independent Fuel Dealers, 25¢
 - 4 Operating Results of Independent Drug Stores, 25¢
 - 5 Operating Results of Independent Jewellery Stores, 25¢
 - 6 Operating Results of Independent Tobacco Stores, 25¢
- P—Retail Consumer Credit, 25¢

Part III—Services and Special Fields

- Q—Laundries, Cleaners and Dyers, 25¢
- R—Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S—Hotels, 25¢
- T—Sales Financing, 25¢
- U—Farm Implement and Equipment Sales, 25¢
- V—New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W—Advertising Agencies (Memorandum), 10¢
- X—Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

*Biennial reports—not issued for 1954.

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DEFINITIONS

Profit and Loss

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" (in unincorporated store operations).

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — Payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licenses and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation allowances — provision for decrease in the value of fixed store assets.

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions for unincorporated business.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

DEFINITIONS

Balance Sheet

Assets

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investment of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth

Current liabilities — are obligations which must be paid in the near future and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

Incorporated business — net worth is shown in two parts;

1. Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
2. Surplus, which represents distributable surplus, capital surplus and earned surplus.

DEFINITIONS

Profit and Loss Statement Ratios

Stock Turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross Profit Ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating Expense Ratios — each item of expense, as well as "total operating expenses", when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net Operating Profit Ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

Balance Sheet Ratios

Current Ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and over-investment in credit sales (accounts receivables) can result in a stronger or more favourable ratio.

Liquidity Ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working Capital to Net Worth Ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-Debt Ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of Total Capital Employed — $\text{Net Sales} \div \text{Total Assets used in the business}$ — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

OPERATING RESULTS AND FINANCIAL STRUCTURE

RETAIL CLOTHING STORES

1954

(Independent)

INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail store operators for the trades covered here. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard by which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size and kind of business, permit direct analysis of operating results for the year.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

The new owner of a retail store or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating

a business and the proper allocation of costs. Where capital is limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail clothing stores. Separate figures are given for both unincorporated and incorporated stores.

1. Men's clothing stores
2. Women's clothing stores
3. Family clothing stores
4. Family shoe stores

There are analyses of:

1. Profit and loss statements
2. Balance sheet statements

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories.

Balance sheet data, which were introduced in 1948, is continued in this 1954 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales than was possible when all fixed assets of the proprietor were reported as one item.

COMPARISON OF MAIN ITEMS BY TRADES

Operating expenses for unincorporated stores exclude salaries and withdrawals of proprietors or partners, thereby showing a higher net operating profit. The gross profits for the four clothing trades covered, all show an increase over the 1952 survey, ranging from 26.1 per cent for family clothing to 28.1 per cent for shoe stores. More extensive in-

creases in operating expenses for all trades offset the general increase in gross profit with resulting lower net profits for all clothing stores in the unincorporated category. The following table will illustrate the trend of the four clothing trades since 1941.

**Average Gross and Net Profits of Unincorporated Retail Clothing Stores
Historical Summary by Trades**

Year	Men's clothing		Women's clothing		Family clothing		Shoe stores	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
	(per cent of net sales)							
1941.....	27.2	15.3	27.5	9.4	(not available)		26.3	9.3
1944.....	27.2	12.3	27.9	11.8	24.3	11.1	27.6	12.6
1945.....	27.5	13.5	27.7	11.5	24.8	11.5	27.3	13.9
1946.....	26.9	13.7	27.1	10.9	23.8	10.7	26.8	12.5
1948.....	25.9	11.9	25.8	10.4	23.4	10.0	26.6	11.5
1950.....	26.8	10.3	26.8	7.7	24.4	8.7	27.4	10.6
1952.....	26.6	10.1	26.8	8.0	24.4*	8.9	27.7	10.8
1954.....	27.0	9.2	27.3	7.2	26.1	8.5	28.1	9.9

Note: Net profit is before deduction of proprietors' salaries and income tax.

Incorporated stores include salaries of executive officers in the companies' operating expenses, thereby decreasing net profit as compared with net profit of unincorporated stores. The same pattern is followed for incorporated stores, which show a general gross profit increase for all clothing trades,

ranging from 29.9 per cent for men's clothing stores to 31.6 per cent for shoe stores. Operating expenses also increased over the last survey but to a higher degree than did gross profit, with the resulting effect of a general decrease in the net operating profit for all incorporated clothing trades.

**Average Gross and Net Profits of Incorporated Clothing Stores
Historical Summary by Trades**

Year	Men's clothing		Women's clothing		Family clothing		Shoe stores	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
	(per cent of net sales)							
1945.....	31.5	11.0	30.5	7.3	29.1	7.8	31.9	9.5
1946.....	30.5	9.8	29.2	6.2	29.3	8.3	31.8	8.2
1948.....	28.6	6.4	28.5	5.1	28.8	6.0	32.1	7.6
1950.....	29.8	4.8	29.0	2.1	29.6	3.6	32.0	4.8
1952.....	29.3	3.0	29.3	2.8	29.7	3.5	30.0	3.3
1954.....	29.9	2.0	31.2	2.3	30.0	2.5	31.6	2.7

Note: Net profit includes income tax.

All trades for unincorporated clothing stores had a slightly lower rate of stock turnover in 1954 compared with 1952, continuing their downward trend and reaching their lowest level since surveyed by D.B.S. Incorporated clothing stores' stock turnover rates are typically the same as unincorporated clothing stores except for Women's clothing where

a slight increase in stock turnover was registered in 1954. The lowest level was in 1950. Women's clothing stores still lead in rate of stock turnover with 3.4 times and 4.7 times per year for unincorporated and incorporated stores respectively. The following historical presentation shows this comparison.

Stock Turnover Rate¹ of Clothing Stores
Historical Summary by Trades

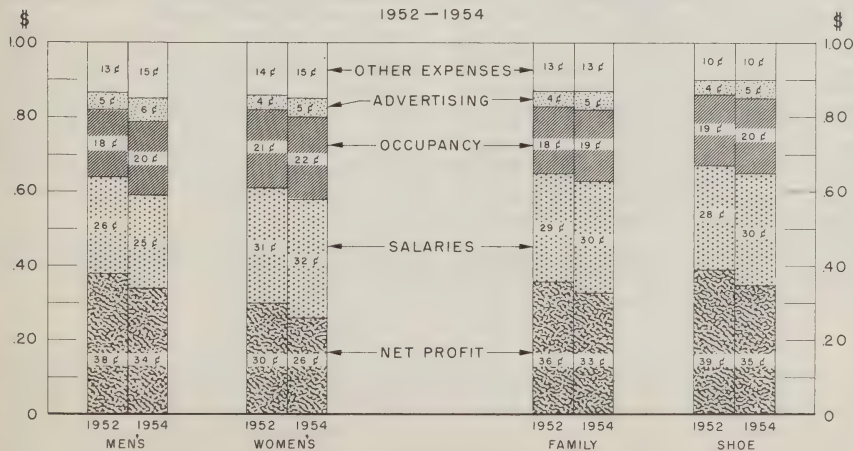
Year	Unincorporated				Incorporated			
	Men's clothing	Women's clothing	Family clothing	Shoes	Men's clothing	Women's clothing	Family clothing	Shoes
1941	2.1	4.1		2.1	N/A.			
1944	2.7	4.6	3.0	2.9				
1945	3.5	4.8	3.1	3.0	4.1	5.7	3.7	4.2
1946	3.6	4.6	3.2	2.9	4.1	5.2	4.0	4.0
1948	2.7	4.6	2.7	2.2	2.9	6.1	3.3	2.6
1950	2.1	3.5	2.2	1.9	2.4	4.0	2.7	2.1
1952	2.3	3.7	2.3	1.9	2.2	4.6	3.0	2.0
1954	1.9	3.4	2.1	1.8	2.0	4.7	2.5	1.9

1. Times per year.

The following charts on the disposition of the average gross profit dollar for independent clothing stores is self explanatory. Comparisons are made for unincorporated and incorporated clothing trades as to net operating profit and operating expenses for 1952 and 1954. No attempt was made to show

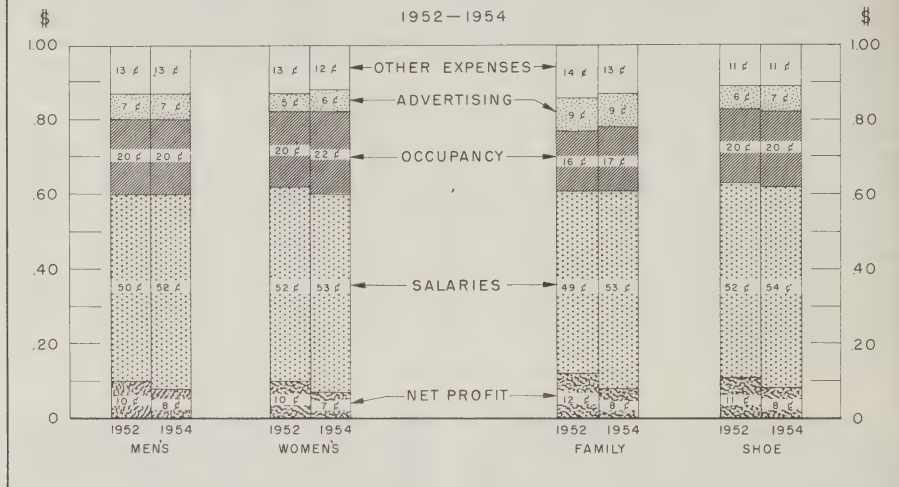
owned and rented stores separately. Their most basic predominant difference is in occupancy cost, which is normally greater in rented stores. Advertising plays a more important role in incorporated than unincorporated clothing stores.

**DISPOSITION OF AVERAGE GROSS PROFIT DOLLAR,
INDEPENDENT UNINCORPORATED CLOTHING STORES**
1952-1954



DISPOSITION OF AVERAGE GROSS PROFIT DOLLAR, INDEPENDENT INCORPORATED CLOTHING STORES

1952-1954



FINANCIAL STRUCTURE

Balance sheet data has been collected since 1948, with some improvements made in 1950. Various operating ratios can be made from tabular data shown under the separate trades on subsequent pages of this report. Averages are shown here in summary for unincorporated and incorporated and for owned and rented clothing stores separately and represent only stores in the \$20,000 and over annual sales volume categories. Reference should be made to page 6 for definitions of these ratios. These ratios are derived from the firms reporting in the designated years, not necessarily from identical firms throughout the series. Some ratios have only been compiled for two years, others for four years, biennially from 1948.

The current ratio of all trades has remained in a favourable position in excess of 2 to 1, (except

for Men's Clothing incorporated owned stores for 1950 and 1954); that is \$2.00 of current assets for each \$1.00 of current liabilities.

The liquidity ratio is a test of credit strength of a business, that is a standard position of \$1.00 readily converted assets for each \$1.00 of current liabilities. Any ratio below 1 would most likely denote a high inventory of merchandise on hand. A large amount of stock seems inevitable to carry on efficient business in the clothing trades; of course other reasons could influence the ratio unfavourably, such as any excessive liabilities i.e. loans, mortgages, etc.

Other ratios, both in trade comparisons and yearly within trades, are seen from the following table.

Balance Sheet Ratios Independent Retail Clothing Stores as at December 31, 1948-50-52-54

Items ¹	Owned				Rented			
	Men's clothing	Women's clothing	Family clothing	Shoe stores	Men's clothing	Women's clothing	Family clothing	Shoe stores
Incorporated								
Current ratio 1948	3.12	—	—	—	3.16	2.61	—	4.88
1950	1.80	—	—	—	2.82	2.38	2.82	2.59
1952	2.02	—	—	—	2.95	2.27	2.54	2.62
1954	1.89	—	3.62	—	2.88	2.32	2.73	2.40
Liquidity ratio 1952	0.82	—	—	—	1.01	1.18	1.32	0.55
1954	0.71	—	1.40	—	0.96	1.18	1.12	0.45
Working capital to net worth ratio 1948	0.73	—	—	—	0.96	0.80	—	0.88
1950	0.47	—	—	—	0.84	0.78	0.89	0.88
1952	0.52	—	—	—	0.85	0.80	0.86	0.77
1954	0.52	—	0.75	—	0.93	0.74	0.95	0.74
Worth debt ratio 1948	1.67	—	—	—	1.85	1.69	—	3.57
1950	1.15	—	—	—	1.82	1.54	1.75	1.43
1952	1.37	—	—	—	1.85	1.45	1.59	2.01
1954	1.06	—	2.24	—	1.37	1.49	1.32	1.64
Turnover of total capital employed 1952	1.37	—	—	—	1.81	2.70	1.85	1.89
1954	1.00	—	1.58	—	1.62	2.64	1.85	1.85
Unincorporated								
Current ratio 1948	2.58	2.43	2.95	3.25	2.87	2.73	2.79	3.00
1950	2.87	2.65	3.12	3.02	2.67	2.19	2.75	2.81
1952	3.33	2.73	3.91	3.88	2.66	2.55	2.98	3.21
1954	3.09	2.66	3.82	3.41	3.12	2.17	3.22	3.39
Liquidity ratio 1952	1.22	1.19	1.29	0.92	0.86	1.07	1.03	0.75
1954	1.09	0.99	1.46	0.80	0.96	0.92	0.94	0.63
Working capital to net worth ratio 1948	0.57	0.51	0.67	0.66	0.88	0.86	0.90	0.88
1950	0.63	0.49	0.70	0.69	0.83	0.79	0.91	0.91
1952	0.64	0.51	0.73	0.69	0.85	0.86	0.87	0.91
1954	0.60	0.54	0.64	0.66	0.90	0.79	0.91	0.94
Worth debt ratio 1948	2.27	1.75	2.13	2.86	1.92	1.75	1.73	2.04
1950	2.08	2.17	2.00	1.92	1.72	1.27	1.54	1.79
1952	2.56	2.39	2.84	2.45	1.61	1.58	1.86	2.10
1954	2.30	1.96	3.06	1.98	1.86	1.18	1.83	2.09
Turnover of total capital employed 1952	1.41	1.78	1.42	1.36	1.91	2.76	1.92	1.93
1954	1.12	1.67	1.28	1.14	1.79	2.44	1.91	2.04

1. Ratio definitions are shown on page 6.

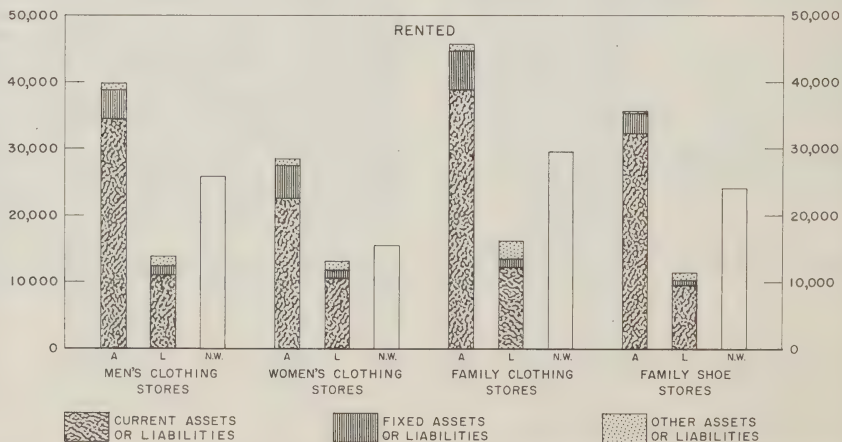
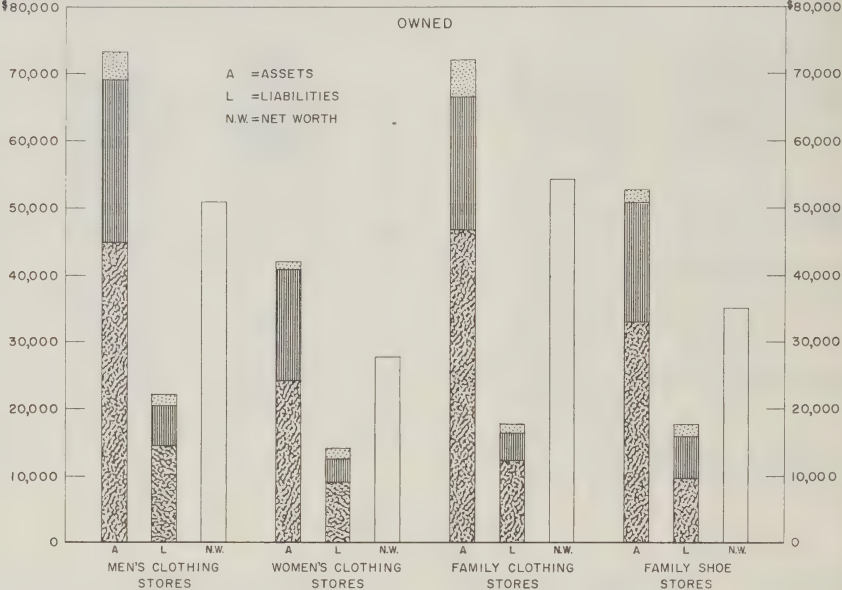
COMPARISON OF FINANCIAL STRUCTURE OF UNINCORPORATED CLOTHING STORES

AVERAGE FINANCIAL POSITION AS AT DECEMBER 31, 1954

AVERAGE FINANCIAL POSITION
\$80,000

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH

AVERAGE FINANCIAL POSITION
\$80,000



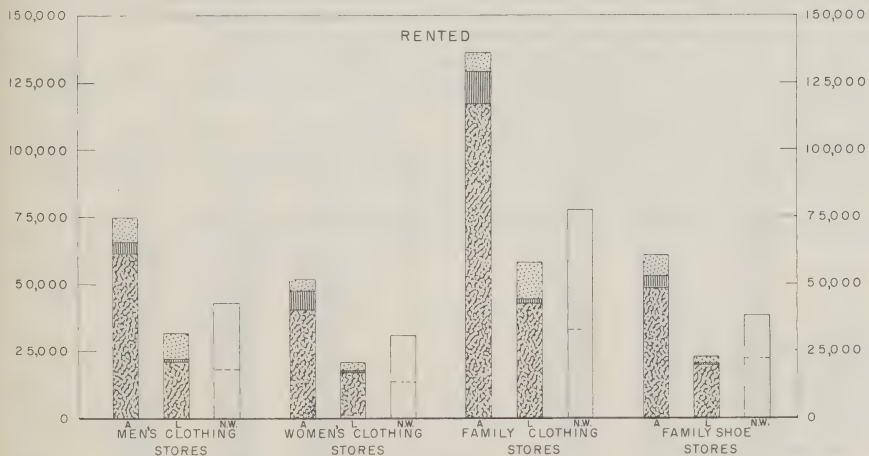
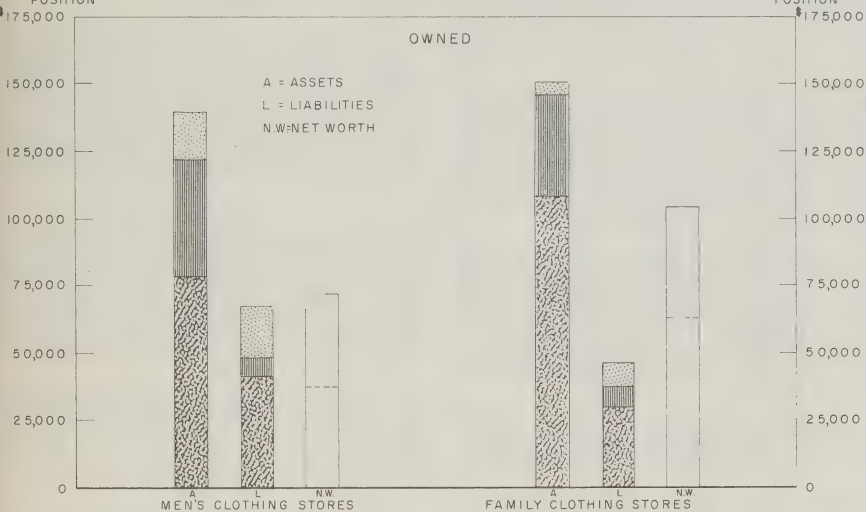
COMPARISON OF FINANCIAL STRUCTURE OF INCORPORATED CLOTHING STORES

AVERAGE FINANCIAL POSITION AS AT DECEMBER 31, 1954

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH

AVERAGE FINANCIAL POSITION

AVERAGE FINANCIAL POSITION



CURRENT ASSETS
OR LIABILITIES

FIXED ASSETS
OR LIABILITIES

OTHER ASSETS
OR LIABILITIES

SURPLUS
CAPITAL STOCK

NET
WORTH

INDEPENDENT MEN'S CLOTHING STORES

Only retail establishments selling mainly men's and boys' readymade clothing such as overcoats, top coats, suits and work clothing are used in this report. Hats, shoes, underwear, shirts, gloves, hosiery etc. may be carried but if sale of such accessories and furnishing exceeds 80% of total sales, such a store is classified as a "Furnishing" store.

Unincorporated and incorporated "single establishment" or "independent" firms only are covered. After careful editing, 363 questionnaires were used in the tabulation for the profit and loss of unincorporated stores (110 for owned and 253 for rented stores). The results of incorporated stores were derived from 144 properly completed questionnaires (17 for owned and 127 for rented stores).

Returns for which balance sheet data were properly completed numbered 301 for unincorporated stores and 140 for incorporated firms. Any change in the actual count from survey to survey may be attributed to changes in store classification, stores going out of business, the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Compilation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for approximately 11% of total men's clothing store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 and the charts do not show weighted ratios. For sake of comparability with previous years for which weights are not available, aggregate or unweighted ratios were used.

The average gross profit expressed as a percentage of average net sales, increased for unincorporated clothing stores for the year 1954 compared to 1952. A more pronounced increase is registered in the operating expenses, with the final result of a decrease in net operating profit in 1954 compared with 1952. Only store supplies (0.58 per cent) in 1954 showed a decrease (0.65 per cent) from 1952.

A similar condition exists in incorporated stores in 1954 over 1952, all items of operating expenses increased to a greater extent than the gross profit with a resulting decrease in net operating profit. Salaries of management charged as operating expenses account for the low net profit ratio of incorporated stores compared to unincorporated stores.

Inventories were at a lower level at the end of the year for both unincorporated and incorporated stores down by 4.48 per cent and 4.42 per cent respectively compared with beginning of the year inventories.

The rate of stock turnover progressively increased with sales-sizes for owned and rented stores for both forms of organization.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, tables and charts, will give more detail and information on operating results and financial position of independent Men's Clothing Stores, 1954.

Operating Results of Independent Men's Clothing Stores 1952 and 1954 compared.

Item	Unincorporated		Incorporated	
	1952	1954	1952	1954
	(per cent of net sales)			
Gross profit	26.37	27.02	29.16	29.83
Operating expenses:				
Employees' salaries	6.21	6.43	14.79	15.75
Occupancy	5.01	5.74	5.76	6.09
Store supplies	0.65	0.58	0.65	0.67
Advertising	1.20	1.41	2.03	2.14
All other expenses	2.91	3.42	3.14	3.44
Total operating expenses	15.98	17.58	26.37	28.09
Net operating profit before deduction of income tax ¹	10.39	9.44	2.79	1.74

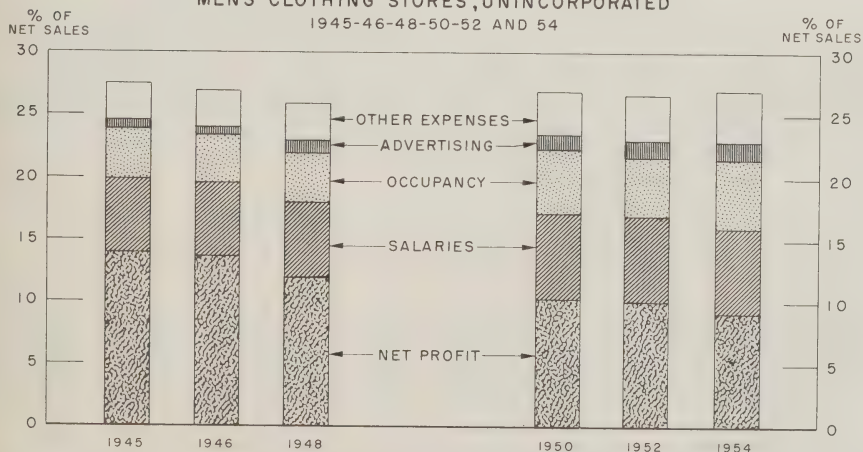
1. Proprietors' salaries included for unincorporated stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios of Independent Men's Clothing Stores as at December 31, 1948-50-52-54

Item		Incorporated		Unincorporated	
		Owned	Rented	Owned	Rented
Current ratio	1948	3.12	3.16	2.58	2.87
	1950	1.80	2.82	2.87	2.67
	1952	2.02	2.95	3.33	2.66
	1954	1.89	2.88	3.09	3.12
Liquidity ratio.....	1952	0.82	1.01	1.22	0.86
	1954	0.71	0.96	1.09	0.96
Working capital to net worth ratio	1948	0.73	0.96	0.57	0.88
	1950	0.47	0.84	0.63	0.83
	1952	0.52	0.85	0.64	0.85
	1954	0.52	0.93	0.60	0.90
Worth debt ratio.....	1948	1.67	1.85	2.27	1.92
	1950	1.15	1.82	2.08	1.72
	1952	1.37	1.85	2.56	1.61
	1954	1.06	1.37	2.30	1.86
Turnover of total capital employed	1952	1.37	1.81	1.41	1.91
	1954	1.00	1.62	1.12	1.79

Note: See page 6 for definitions.

COMPOSITION OF AVERAGE GROSS PROFIT
MEN'S CLOTHING STORES, UNINCORPORATED
1945-46-48-50-52 AND 54

COMPOSITION OF AVERAGE GROSS PROFIT MEN'S CLOTHING STORES, INCORPORATED

1945-46-48-50-52 AND 54

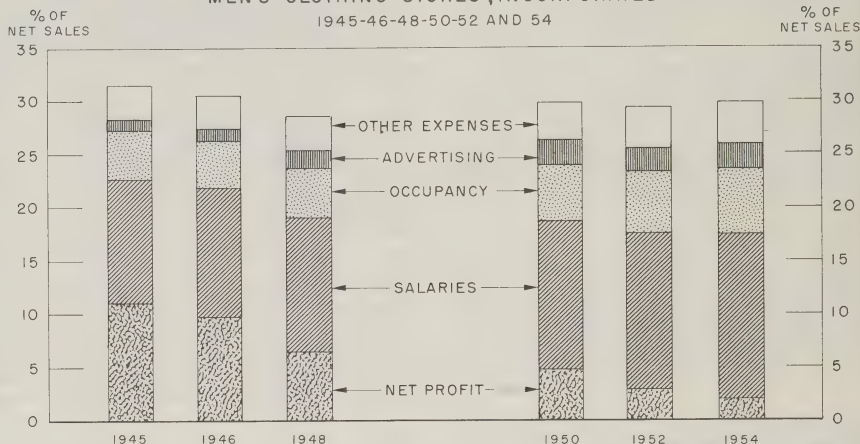


TABLE 1. Independent Men's Clothing Stores - Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1954

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to and over
Number of stores reporting	16	38	30	26	35	102	73	41
Average net sales per store.....\$	14,049	34,927	72,121	141,862	16,452	34,302	71,092	147,300
Average beginning inventory.....\$	10,132	15,417	30,441	51,893	8,273	14,311	27,564	47,295
Average inventory, end of year.....\$	9,360	14,455	29,356	49,943	8,662	13,937	25,811	44,736
Average cost of goods sold.....\$	10,421	25,427	53,374	104,796	11,561	24,820	52,086	106,989
Stock turnover (times per year).....	1.07	1.70	1.79	2.06	1.37	1.70	1.95	2.32
Profit and Loss Data (Per cent of net sales)								
Gross profit	25.82	27.20	25.99	26.12	29.73	27.64	26.73	27.37
Operating expenses:								
Employees' salaries and wages (except delivery).....	2.96	4.51	7.38	8.81	3.37	4.58	6.64	7.90
Delivery	0.52	0.37	0.35	0.22	0.48	0.38	0.59	0.26
Occupancy expenses:								
Taxes	2.20	1.20	0.86	0.75	0.62	0.41	0.36	0.31
Insurance	1.04	0.98	0.78	0.69	0.76	0.74	0.69	0.60
Rent.....	2.27	1.25	0.71	0.73	5.74	4.30	3.34	2.33
Heat, light and power	0.93	0.69	0.56	0.63	1.10	0.81	0.63	0.57
Repairs and maintenance	2.24	1.04	1.26	1.33	0.39	0.69	0.51	0.32
Depreciation allowances	8.68	5.16	4.17	4.13	9.04	7.53	6.10	4.76
Total occupancy expenses.....	0.59	0.56	0.54	0.54	0.75	0.51	0.57	0.69
Office or store supplies	1.24	0.94	1.39	1.68	0.76	0.96	1.66	1.30
Advertising.....	0.71	0.17	0.18	0.42	0.22	0.29	0.28	0.30
Net loss on bad debts.....	3.46	2.78	2.82	3.05	2.50	2.99	2.83	2.12
All other expenses								
Total operating expenses.....	18.16	14.49	16.83	18.85	17.12	17.24	18.65	17.83
Net operating profit before deduction of proprietors' salaries and income tax.....	7.66	12.71	9.16	7.27	12.61	10.40	8.08	9.54

TABLE 2. Independent Men's Clothing Stores — Operating Results of Incorporated Stores by Sales Volume and Occupancy Basis, 1954

Item	Owned stores with annual net sales of		Rented stores with annual net sales of		
	Under \$100,000	\$100,000 and over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	7	10	16	43	66
Average net sales per store	\$ 52,967	193,040	34,017	75,051	174,708
Average beginning inventory	\$ 28,949	70,382	15,171	30,608	58,873
Average inventory, end of year	\$ 26,592	63,895	14,772	28,716	57,193
Average cost of goods sold	\$ 37,648	134,204	23,805	53,643	122,055
Stock turnover (times per year)	1.36	2.00	1.59	1.81	2.10
PROFIT AND LOSS DATA (per cent of net sales)					
Gross profit	28.92	30.48	30.02	28.52	30.13
Operating expenses:					
Employees' salaries and wages (except delivery)	17.48	16.24	17.79	15.49	15.27
Delivery	0.27	0.20	0.43	0.18	0.23
Occupancy expenses:					
Taxes	1.27	1.21	0.50	0.44	0.34
Insurance	0.91	0.87	0.74	0.71	0.59
Rent	—	—	5.08	4.44	3.33
Heat, light and power	0.91	0.84	0.86	0.68	0.60
Repairs and maintenance	0.39	0.43	0.51	0.29	0.33
Depreciation allowances	0.28	1.71	0.75	0.49	0.62
Total occupancy expenses	3.76	5.06	8.44	7.05	6.01
Office or store supplies	1.08	0.83	0.47	0.58	0.63
Advertising	1.80	2.46	1.62	1.68	2.31
Net loss on bad debts	0.38	0.18	0.26	0.30	0.27
All other expenses	1.89	4.13	3.05	3.12	2.60
Total operating expenses	26.66	29.10	32.06	28.40	27.32
Net operating profit before provision for income tax	2.26	1.38	2.04 ¹	0.12	2.81

1. Net operating loss.

TABLE 3. Independent Men's Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999	\$50,000 - \$99,999			\$100,000 and over			
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank	4,496	2,011	7,046	5,368	6,595	10,561	8,657	5,930
Accounts and notes receivable (net)	1,031	2,386	3,865	3,372	8,654	8,613	8,632	3,877
Merchandise inventory	14,335	28,423	29,802	29,342	51,701	49,516	50,565	29,064
Other current assets	6,662	1,851	5,310	4,157	4,524	9,646	7,188	6,050
Total current assets	26,524	34,671	46,023	42,239	71,474	78,336	75,042	44,921
Fixed assets (net):								
Used in the business	8,777	12,302	13,751	13,268	42,547	38,826	40,613	19,082
Not used in the business	8,616	2,143	1,006	1,385	2,448	5,355	3,959	5,114
Total fixed assets (net)	17,393	14,445	14,757	14,653	44,995	44,181	44,572	24,196
Other assets:								
Long term investments	4,856	22	—	7	175	6,891	3,667	3,051
Other assets	1,181	556	76	236	1,529	1,518	1,523	990
Total other assets	6,037	578	76	243	1,704	8,409	5,190	4,041
Total assets	49,954	49,694	60,856	57,135	118,173	130,926	124,804	73,158
Liabilities								
Current liabilities								
Accounts and notes payable	5,698	8,250	15,089	12,809	39,551	20,160	29,468	14,532
Fixed liabilities:								
Mortgages on fixed assets used in business	1,125	3,824	3,804	3,811	25,362	3,390	13,936	5,539
Mortgages on fixed assets not used in business	860	—	—	—	226	—	108	388
Total fixed liabilities	1,985	3,824	3,804	3,811	25,588	3,390	14,044	5,927
Other liabilities	725	1,479	787	1,017	3,128	4,561	3,873	1,698
Total liabilities	8,408	13,553	19,680	17,637	68,267	28,111	47,385	22,157
Net worth:								
Proprietor's or partners' equity in the business	41,546	36,141	41,176	39,498	49,906	102,815	77,419	51,001
Total liabilities and net worth	49,954	49,694	60,856	57,135	118,173	130,926	124,804	73,158
Average net sales of stores reporting	34,598	69,300	73,432	72,054	131,681	151,785	142,133	76,168
Number of stores reporting	37	9	18	27	12	13	25	89

TABLE 4. Independent Men's Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets	(average per store)									
Current assets:										
Cash on hand and in bank	2,118	2,944	2,569	3,000	6,838	5,399	7,853	13,055	11,533	5,263
Accounts and notes receivable	1,799	1,137	1,438	3,284	4,178	3,843	11,159	8,415	9,218	3,759
Merchandise inventory	13,860	13,650	13,745	26,883	25,430	25,975	38,171	47,450	44,734	23,892
Other current assets	366	1,443	953	742	1,354	1,124	925	5,316	4,031	1,607
Total current assets	18,143	19,174	18,705	33,909	37,800	36,341	58,108	74,236	69,516	34,521
Fixed assets (net):										
Used in the business	2,230	1,634	1,905	2,679	3,290	3,061	5,016	3,654	4,053	2,713
Not used in the business	64	1,885	1,057	70	3,610	2,282	785	2,159	1,757	1,608
Total fixed assets (net)	2,294	3,519	2,962	2,749	6,900	5,343	5,801	5,813	5,810	4,321
Other assets:										
Long term investments	44	301	185	—	596	373	—	897	634	335
Other assets	174	138	154	562	1,597	1,209	1,177	1,184	1,182	712
Total other assets	218	439	339	562	2,193	1,582	1,177	2,081	1,816	1,047
Total assets	20,655	23,132	22,006	37,220	46,893	43,266	65,086	82,130	77,142	39,889
Liabilities										
Current liabilities:										
Accounts and notes payable	7,032	6,160	6,556	13,945	10,486	11,784	22,916	19,864	20,757	11,077
Fixed liabilities:										
Mortgages on fixed assets used in business.....	151	381	276	2,066	543	1,114	2,083	1,045	1,349	768
Mortgages on fixed assets not used in business	369	920	670	—	1,045	653	124	386	310	595
Total fixed liabilities	520	1,301	946	2,066	1,588	1,767	2,207	1,431	1,659	1,363
Other liabilities	1,581	834	1,174	2,672	1,983	2,241	414	1,132	921	1,487
Total liabilities	9,133	8,295	8,676	18,683	14,057	15,792	25,537	22,427	23,337	13,928
Net worth: proprietor's or partners' equity in the business	11,522	14,837	13,330	18,537	32,836	27,474	39,549	59,703	53,805	25,961
Total liabilities and net worth	20,655	23,132	22,006	37,220	46,893	43,266	65,086	82,130	77,142	39,889
Average net sales of stores reporting	33,314	35,363	34,431	70,171	71,568	71,044	147,568	147,189	147,300	68,694
Number of stores reporting	45	54	99	27	45	72	12	29	41	212

TABLE 5. Independent Men's Clothing Stores — Owned — Financial Structure of Incorporated Stores by Size of Business as at December 31, 1954

Item	Stores with annual net sales of		Total all sizes \$20,000 and over
	Under \$100,000	\$100,000 and over	
Assets	(average per store)		
Current assets:			
Cash on hand and in bank.....	9,232	10,739	10,080
Accounts and notes receivable (net).....	3,365	17,301	11,204
Merchandise inventory.....	26,681	66,728	49,208
Other current assets.....	5,536	10,401	8,272
Total current assets.....	44,814	105,169	78,764
Fixed assets (net):			
Used in the business.....	9,849	62,747	39,605
Not used in the business.....	—	6,534	3,675
Total fixed assets (net).....	9,849	69,281	43,280
Other assets:			
Long term investments.....	286	23,160	13,152
Other assets.....	34	7,948	4,486
Total other assets.....	320	31,108	17,638
Total assets.....	54,983	205,558	139,682
Liabilities			
Current liabilities:			
Accounts and notes payable.....	7,352	68,377	41,678
Fixed liabilities:			
Mortgages on fixed assets used in business.....	4,215	8,204	6,459
Mortgages on fixed assets not used in business.....	—	168	95
Total fixed liabilities.....	4,215	8,372	6,554
Other liabilities.....	330	34,368	19,476
Total liabilities.....	11,897	111,117	67,708
Net worth:			
Capital stock.....	17,004	53,548	37,560
Surplus and undivided profits.....	26,082	40,893	34,414
Total net worth.....	43,086	94,441	71,974
Total liabilities and net worth.....	54,983	205,558	139,682
Average net sales of stores reporting.....	52,967	201,299	136,404
Number of stores reporting.....	7	9	16

TABLE 6. Independent Men's Clothing Stores—Rented—Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000—\$49,999	\$50,000 — \$99,999		\$100,000 and over				
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)								
Assets								
Current assets:								
Cash on hand and in Bank	2,917	6,619	5,359	5,916	5,194	11,467	8,668	6,972
Accounts and notes receivable (net)	1,533	3,455	4,849	4,233	16,345	16,643	16,510	10,320
Merchandise inventory	14,663	32,680	25,593	28,725	52,219	38,370	55,626	41,012
Other current assets	491	1,761	2,474	2,159	1,880	7,070	4,755	3,304
Total current assets	19,604	44,515	38,275	41,033	75,638	93,550	85,559	61,608
Fixed assets (net):								
Used in the business	1,768	3,186	2,068	2,561	5,725	4,531	5,064	3,771
Not used in the business	—	—	1,736	969	145	74	106	391
Total fixed assets (net)	1,768	3,186	3,804	3,530	5,870	4,605	5,170	4,162
Other assets:								
Long term investments	—	819	2,638	1,834	1,964	7,505	5,033	3,274
Other assets	613	4,033	1,821	2,799	6,664	11,300	9,231	5,889
Total other assets	613	4,852	4,459	4,633	8,628	18,805	14,264	9,163
Total assets	21,985	52,553	46,538	49,196	90,136	116,960	104,993	74,933
Liabilities								
Current liabilities:								
Accounts and notes payable	9,306	12,054	12,359	12,225	33,469	28,069	30,478	21,316
Fixed liabilities:								
Mortgages on fixed assets used in business	175	—	668	372	263	243	252	284
Mortgages on fixed assets not used in business	—	—	—	—	—	—	—	—
Total fixed liabilities	175	—	668	372	263	243	252	284
Other liabilities	1,782	10,610	3,849	6,837	14,172	13,785	13,958	9,917
Total liabilities	11,263	22,664	16,876	19,434	47,904	42,097	44,683	31,517
Net worth:								
Capital stock	7,425	15,320	15,470	15,404	17,465	28,684	23,079	18,712
Surplus and undivided profits	3,297	14,569	14,192	14,358	24,767	46,179	36,626	24,604
Total net worth	10,722	29,889	29,662	29,762	42,232	74,863	60,305	43,316
Total liabilities and net worth	21,985	52,553	46,538	49,196	90,136	116,960	104,993	74,933
Average net sales of stores reporting	34,017	77,279	73,288	75,051	166,240	177,485	172,468	120,822
Number of stores reporting	16	19	24	43	29	36	65	124

INDEPENDENT WOMEN'S CLOTHING STORES

Only retail establishments selling mainly women's ready-to-wear coats, suits and dresses, with or without women's accessories (hosiery, lingerie, millinery, etc.), were included in the survey. If piece goods are sold, sales must not exceed 50% of total net sales.

Unincorporated and incorporated "single establishment" or "independent" firms only are covered. After careful editing 310 questionnaires were used in the tabulation for the profit and loss of unincorporated stores (87 owned and 223 rented stores). The results of incorporated stores were derived from 94 properly completed questionnaires, all rented stores.

Returns for which balance sheet data were properly completed numbered 241 for unincorporated stores and 91 for incorporated firms. Any change in the actual count from survey to survey may be attributed to changes in store classification, stores going out of business, the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and where possible, a further breakdown by number of years in business.

Classification of profit and loss data was made for different sales size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for approximately 11% of total Women's clothing store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 and the charts do not show weighted ratios. For sake of comparability with previous years for which weights are not available, aggregate or un-weighted ratios were used.

The average gross profit expressed as a percentage of average net sales increased in 1954 over 1952 for both unincorporated stores 26.78 to 27.38 per cent, incorporated stores 29.76 to 31.23 per cent respectively. Net profit decreased from 8.41 per cent in 1952 to 7.60 per cent in 1954 for unincorporated stores and from 2.51 per cent in 1952 to 2.00 per cent in 1954 for incorporated stores. The obvious result of the greater increase of operating expenses over gross profit increases is noticed in the net operating profit. Stores supplies expense held firm for incorporated stores and even decreased for unincorporated stores, while "all other" expenses are slightly down in 1954 in the incorporated category. Salaries of management of incorporated stores charged as operating expenses account for the low net profit ratio compared to unincorporated stores.

Inventories were at a lower level at the end of the year, down 1.7 per cent from beginning inventories for unincorporated stores. A higher level, up by 3.4 per cent at the end of the year was reached for incorporated stores, the only group with an increase in inventories in the clothing trades.

The rate of stock turnover increased with sale sizes, except for owned unincorporated stores with less than \$10,000 annual sales. Too few stores reported in the owned incorporated group to permit tabulation.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, tables and charts give more detail and information on the operating results and financial position of independent Women's clothing stores, 1954.

Operating Results of Independent Women's Clothing Stores 1952 and 1954 compared

Item	Unincorporated		Incorporated ¹	
	1952	1954	1952	1954
	(per cent of net sales)			
Gross profit	26.78	27.38	29.76	31.23
Operating expenses:				
Employees' salaries	7.61	8.09	15.50	16.57
Occupancy	5.93	6.44	6.43	7.08
Store Supplies	0.69	0.66	0.77	0.77
Advertising	0.97	1.10	1.36	1.63
All other expenses	3.17	3.49	3.19	3.18
Total operating expenses	18.37	19.78	27.25	29.23
Net operating profit before deduction of income tax ²	8.41	7.60	2.51	2.00

1. Covers only rented stores.

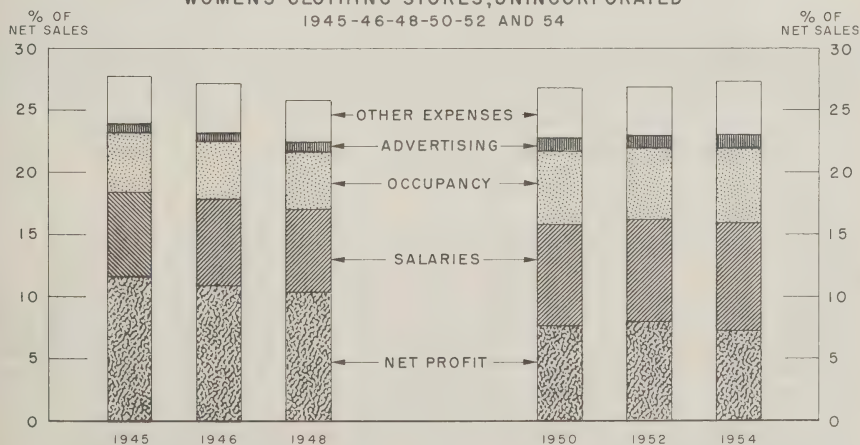
2. Proprietors' salaries included for unincorporated stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios of Independent Women's Clothing Stores as at December 31, 1948-50-52-54

Item		Incorporated	Unincorporated	
		Rented	Owned	Rented
Current ratio	1948	2.61	2.43	2.73
	1950	2.38	2.65	2.19
	1952	2.27	2.73	2.55
	1954	2.32	2.66	2.17
Liquidity ratio	1952	1.18	1.19	1.07
	1954	1.18	0.99	0.92
Working capital to net worth ratio.....	1948	0.80	0.51	0.86
	1950	0.78	0.49	0.79
	1952	0.80	0.51	0.86
	1954	0.74	0.54	0.79
Worth debt ratio	1948	1.69	1.75	1.75
	1950	1.54	2.17	1.27
	1952	1.45	2.39	1.58
	1954	1.49	1.96	1.18
Turnover of total capital employed	1952	2.70	1.78	2.76
	1954	2.64	1.67	2.44

COMPOSITION OF AVERAGE GROSS PROFIT
WOMEN'S CLOTHING STORES, UNINCORPORATED
1945-46-48-50-52 AND 54



COMPOSITION OF AVERAGE GROSS PROFIT WOMEN'S CLOTHING STORES, INCORPORATED

1945-46-48-50-52 AND 54

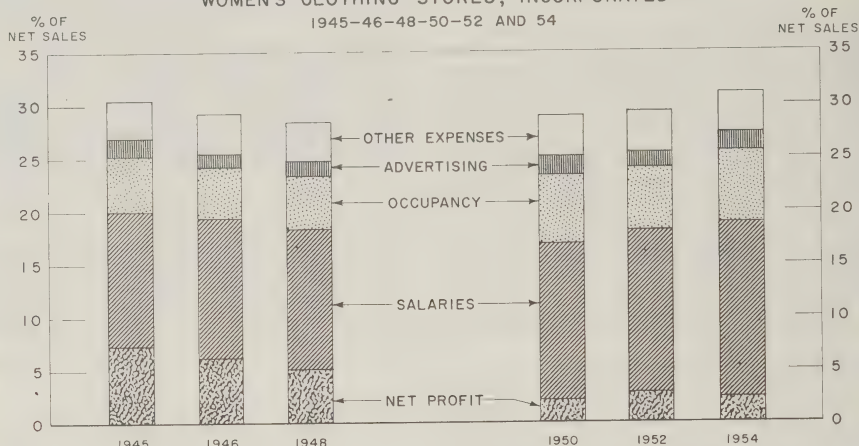


TABLE 7. Independent Women's Clothing Stores — Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1954

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	8	13	35	21	10	7	28	89	66	33
Average net sales per store	\$ 7,217	\$ 14,739	\$ 33,933	\$ 76,359	\$ 157,006	\$ 7,717	\$ 15,981	\$ 34,208	\$ 71,035	\$ 142,476
Average beginning inventory	\$ 3,074	\$ 6,190	\$ 12,406	\$ 16,147	\$ 21,790	\$ 3,016	\$ 6,319	\$ 9,402	\$ 12,857	\$ 23,799
Average inventory, end of year	\$ 2,878	\$ 6,660	\$ 12,139	\$ 16,046	\$ 23,020	\$ 2,948	\$ 6,311	\$ 9,449	\$ 12,106	\$ 23,105
Average cost of goods sold	\$ 5,485	\$ 10,498	\$ 24,562	\$ 56,343	\$ 114,978	\$ 4,922	\$ 11,532	\$ 24,772	\$ 51,180	\$ 104,224
Stock turnover (times per year)	1.84	1.63	2.00	3.50	5.13	1.65	1.83	2.63	4.10	4.44
Profit and Loss Data (Per cent of net sales)										
Gross profit	23.99	28.77	26.44	26.21	26.77	36.22	27.84	27.58	27.98	26.84
Operating expenses:										
Employees' salaries and wages (except delivery)	2.36	7.85	6.84	9.40	9.53	7.34	4.07	6.94	9.50	9.77
Delivery	0.39	0.99	0.39	0.34	0.52	0.08	0.35	0.48	0.49	0.31
Occupancy expenses:										
Taxes	2.11	1.45	1.03	0.96	0.61	0.87	0.51	0.34	0.40	0.30
Insurance	0.99	1.05	0.82	0.68	0.56	0.83	0.74	0.53	0.55	0.44
Rent	—	—	—	—	—	8.88	6.44	4.31	4.08	2.74
Heat, light and power	2.88	2.05	1.24	1.00	0.65	2.56	1.27	0.80	0.59	0.48
Repairs and maintenance	1.20	0.65	1.07	0.61	0.33	0.94	0.47	0.50	0.46	0.46
Depreciation allowances	2.41	1.06	1.47	1.34	1.56	0.93	0.35	0.58	0.75	0.87
Total occupancy expenses	9.59	6.26	5.63	4.59	3.71	15.01	9.78	7.06	6.83	5.29
Office or store supplies	0.90	0.56	0.75	0.61	0.66	0.74	0.88	0.64	0.56	0.69
Advertising	0.55	0.58	0.71	1.17	1.62	1.44	0.89	1.03	1.17	1.34
Net loss on bad debts	0.09	0.05	0.12	0.14	0.06	—	0.10	0.17	0.13	0.34
All other expenses	2.10	2.97	3.05	3.12	2.97	4.71	2.51	2.92	2.78	2.83
Total operating expenses	15.98	19.26	17.49	19.37	19.07	29.32	18.58	19.24	21.46	20.57
Net operating profit before deduction of proprietors' salaries and income tax	8.01	9.51	8.95	6.84	7.70	6.90	9.26	8.34	6.52	6.27

TABLE 8. Independent Women's Clothing Stores — Operating Results of Incorporated Rented Stores by Sales Volume, 1954

Item	Stores with annual net sales of		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting.....	16	30	46
Average net sales per store.....	\$ 35,907	70,557	210,828
Average beginning inventory.....	\$ 8,679	13,537	26,387
Average inventory, end of year.....	\$ 8,305	14,360	27,391
Average cost of goods sold.....	\$ 23,821	49,360	144,859
Stock turnover (times per year).....	2.80	3.54	5.39
Profit and Loss Data (Per cent of net sales)			
Gross profit.....	33.66	30.04	31.29
Operating expenses:			
Employees' salaries and wages (except delivery).....	17.33	15.98	16.70
Delivery.....	0.79	0.40	0.45
Occupancy expenses:			
Taxes.....	0.85	0.70	0.44
Insurance.....	0.95	0.72	0.40
Rent.....	6.44	4.87	3.27
Heat, light and power.....	1.24	0.73	0.53
Repairs and maintenance.....	0.41	0.57	0.50
Depreciation allowances.....	0.39	1.05	0.96
Total occupancy expenses.....	10.28	8.64	6.10
Office or store supplies.....	0.63	0.66	0.83
Advertising.....	0.97	1.23	1.85
Net loss on bad debts.....	0.07	0.08	0.28
All other expenses.....	3.57	2.87	2.20
Total operating expenses.....	33.64	29.86	28.41
Net operating profit before provision for income tax.....	0.02	0.18	2.88

TABLE 9. Independent Women's Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of						\$100,000 and over	Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(Average per store)								
Assets								
Current assets:								
Cash on hand and in bank.....	1,710	3,473	2,725	1,824	4,523	3,752	4,829	3,392
Accounts and notes receivable (net).....	811	849	833	2,469	3,219	3,004	4,403	2,103
Merchandise inventory.....	14,586	10,464	12,217	16,480	15,889	16,058	23,020	15,165
Other current assets.....	493	1,834	1,265	962	4,125	3,221	11,355	3,483
Total current assets.....	17,610	16,620	17,040	21,735	27,756	26,035	43,607	24,143
Fixed assets (net):								
Used in the business.....	10,012	9,694	9,829	17,454	12,917	14,214	33,142	14,911
Not used in the business.....	116	1,670	1,011	2,750	—	786	7,182	1,901
Total fixed assets (net).....	10,128	11,364	10,840	20,204	12,917	15,000	40,324	16,812
Other assets:								
Long term investments.....	—	316	182	—	107	76	6,066	1,066
Other assets.....	6	45	28	125	53	74	114	57
Total other assets.....	6	361	210	125	160	150	6,180	1,123
Total assets.....	27,744	28,345	28,090	42,064	40,833	41,185	90,111	42,078
Liabilities								
Current liabilities:								
Accounts and notes payable.....	5,241	2,835	3,856	11,834	8,333	9,333	25,811	9,083
Fixed liabilities:								
Mortgages on fixed assets used in business.....	2,192	2,637	2,448	313	1,733	1,328	6,133	2,656
Mortgages on fixed assets not used in business.....	—	68	39	1,589	—	454	4,890	934
Total fixed liabilities.....	2,192	2,705	2,487	1,902	1,733	1,782	11,023	3,590
Other liabilities.....	1,725	2,368	2,096	408	1,213	983	958	1,553
Total liabilities.....	9,158	7,908	8,439	14,144	11,279	12,098	37,792	14,226
Net worth:								
Proprietor's or partners' equity in the business.....	18,586	20,437	19,651	27,920	29,554	29,087	52,319	27,852
Total liabilities and net worth.....	27,744	28,345	28,090	42,064	40,833	41,185	90,111	42,078
Average net sales of stores reporting.....	33,590	34,041	33,850	74,938	76,927	76,359	157,006	67,041
Number of stores reporting.....	14	19	33	6	15	21	10	64

TABLE 10. Independent Women's Clothing Stores - Rented - Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,828	2,102	1,976	5,045	4,460	4,674	4,756	6,210	5,694	3,588
Accounts and notes receivable (net)	1,087	1,259	1,180	4,637	4,387	4,478	12,874	8,879	10,296	3,950
Merchandise inventory	10,616	8,965	9,721	11,847	11,861	11,855	30,789	20,223	23,973	12,977
Other current assets	1,065	2,593	1,894	1,877	1,966	1,934	1,416	3,963	3,059	2,112
Total current assets	14,596	14,919	14,771	23,406	22,674	22,941	49,833	39,275	43,022	22,627
Fixed assets (net):										
Used in the business	1,587	1,127	1,337	4,315	4,120	4,191	12,163	5,332	7,756	3,477
Not used in the business	1,385	361	830	1,807	861	1,206	612	4,442	3,083	1,359
Total fixed assets (net)	2,972	1,488	2,167	6,122	4,981	5,397	12,775	9,774	10,839	4,836
Other assets										
Long term investment	384	—	176	—	529	336	—	48	31	207
Other assets	752	161	432	1,149	172	529	1,676	3,443	2,816	884
Total other assets	1,136	161	608	1,149	701	865	1,676	3,491	2,847	1,091
Total assets	18,704	16,568	17,346	30,677	28,356	29,203	64,286	52,540	56,708	28,554
Liabilities										
Current liabilities:										
Accounts and notes payable	5,655	5,843	5,757	10,479	11,093	10,869	27,400	19,156	22,081	10,435
Fixed liabilities:										
Mortgages on fixed assets used in business	354	139	237	1,527	821	1,079	7,843	1,100	3,493	1,107
Mortgages on fixed assets not used in business	567	—	260	448	—	163	54	500	342	240
Total fixed liabilities	921	139	497	1,975	821	1,242	7,897	1,600	3,835	1,347
Other liabilities	1,213	623	893	1,662	1,399	1,495	2,096	2,136	2,122	1,323
Total liabilities	7,789	6,605	7,147	14,116	13,313	13,606	37,393	22,892	28,038	13,105
Net worth:										
Proprietor's or partners' equity in the business	10,915	9,963	10,399	16,561	15,043	15,597	26,893	29,648	28,670	15,449
Total liabilities and net worth	18,704	16,568	17,346	30,677	28,356	29,203	64,286	52,540	56,708	28,554
Average net sales of stores reporting	33,078	35,126	34,188	72,529	71,056	71,593	140,300	142,254	141,560	66,307
Number of stores reporting	38	45	83	23	40	63	11	20	31	177

TABLE 11. Independent Women's Clothing Stores - Rented - Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999	\$50,000-\$99,999			\$100,000 and over			
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets	(Average per store)							
Current assets:								
Cash on hand and in bank	3,166	1,869	3,829	2,748	12,609	11,791	7,554	
Accounts and notes receivable (net)	2,682	2,782	3,517	3,112	11,310	16,358	14,382	
Merchandise inventory	8,306	15,056	14,012	14,588	26,232	28,135	27,391	
Other current assets	472	728	567	656	7,068	7,951	7,605	
Total current assets	14,626	20,435	21,925	21,104	57,219	64,235	61,489	
Fixed assets (net):								
Used in the business	2,369	5,046	1,635	3,517	10,526	8,735	9,436	
Not used in the business	269	436	710	559	146	1,395	906	
Total fixed assets (net)	2,638	5,482	2,345	4,076	10,672	10,130	10,342	
Other assets:								
Long term investments	—	1,256	—	692	2,813	2,910	2,872	
Other assets	1,702	1,472	2,872	2,100	1,874	4,600	3,534	
Total other assets	1,702	2,728	2,872	2,792	4,687	7,510	6,406	
Total assets	18,966	28,645	27,142	27,972	72,578	81,875	78,237	
Liabilities								
Current liabilities — accounts and notes payable	7,516	8,125	8,907	8,476	26,784	26,176	26,414	
Fixed liabilities:								
Mortgages on fixed assets used in business	594	243	—	134	—	351	213	
Mortgages on fixed assets not used in business	—	—	—	—	—	—	—	
Total fixed liabilities	594	243	—	134	—	351	213	
Other liabilities	677	4,955	2,389	3,805	3,276	3,783	3,585	
Total liabilities	8,787	13,323	11,296	12,415	30,060	30,310	30,212	
Net worth:— Capital stock	7,897	11,720	7,224	9,705	21,889	15,744	18,149	
Surplus and undivided profits	2,282	3,602	8,622	5,852	20,629	35,821	29,876	
Total net worth	10,179	15,322	15,846	15,557	42,518	51,565	48,025	
Total liabilities and net worth	18,966	28,645	27,142	27,972	72,578	81,875	78,237	
Average net sales of stores reporting	35,907	69,000	71,020	69,905	201,396	216,892	210,828	
Number of stores reporting	16	16	13	29	18	28	46	

INDEPENDENT FAMILY CLOTHING STORES

Only retail establishments selling mainly men's, women's, children's and infants' clothing and furnishings are covered. Other items such as piece goods, notions, house furnishings, footwear, etc., must not exceed 50% of total sales.

Unincorporated and incorporated "single establishment" or "independent" firms only are included in this report. After careful editing 248 questionnaires were used in the tabulation for the profit and loss of unincorporated stores (115 owned and 133 rented stores). The results of incorporated stores were derived from 93 properly completed questionnaires (17 owned and 76 rented stores).

Returns for which balance sheet data were properly completed numbered 194 for unincorporated stores and 91 for incorporated firms. Any change in the actual count from survey to survey may be attributed to changes in store classification, stores going out of business, the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and where possible, a further breakdown by number of years in business.

Compilation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for approximately 11% of total Family clothing store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 and the charts do not show weighted ratios. For sake of comparability with previous years for which weights are not available, aggregate or unweighted ratios were used.

Only rented stores were used in the incorporated group in 1952 whereas sufficient reports were received from 'owned' stores in 1954 to produce results for this category. Comparing only rented incorporated stores the pattern of gross profit, operating expenses and net operating profit is the same as all the other clothing trades. Rented stores; gross profit 29.73 per cent 1952, 30.15 per cent in 1954; operating expenses 26.23 per cent in 1952, 27.58 per cent in 1954; net profit 3.50 per cent in 1952, 2.57 per cent in 1954. Unincorporated stores show an increase in average gross profit expressed as a percentage of net sales 24.45 per cent in 1952 to 25.88 per cent in 1954, a decrease in net profit 8.97 per cent in 1952 down to 8.66 per cent in 1954 means a higher increase in operating expense than in gross profit. Salaries of management charged as operating expenses account for the low net profit ratio compared to unincorporated stores.

Inventories were 0.01 per cent down from the beginning of the year for incorporated stores, and 2.68 per cent lower for unincorporated stores at the end of the year.

The rate of stock turnover progressively increased with sale -sizes for owned and rented stores for both types of organization.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, tables and charts, will give more detail and information on the operating results and financial position of independent Family clothing stores, 1954

Operating Results of Independent Family Clothing Stores 1952 and 1954 compared

Item	Unincorporated		Incorporated ¹	
	1952	1954	1952	1954
	(Per cent of net sales)			
Gross profit	24.45	25.88	29.73	29.45
Operating expenses:				
Employees' salaries	6.53	7.27	14.65	15.73
Occupancy	4.93	5.38	4.71	4.97
Store Supplies	0.61	0.55	0.79	0.89
Advertising	0.95	1.17	2.55	2.46
All other expenses	2.46	2.85	3.53	3.07
Total operating expenses	15.48	17.22	26.23	27.12
Net operating profit before deduction of income tax ²	8.97	8.66	3.50	2.33

1. 1952 covers only rented stores..

1954 covers owned and rented stores.

2. Proprietors' salaries included for unincorporated stores.

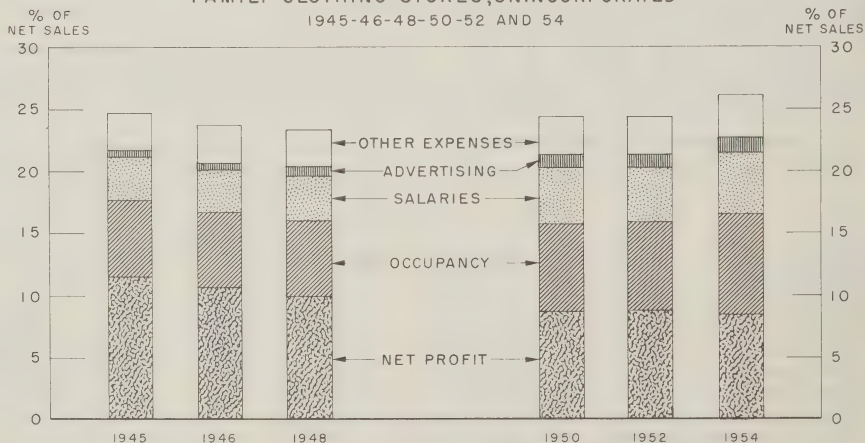
Note. These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios of Independent Family Clothing Stores as at December 31, 1948-50-52-54

Item		Incorporated		Unincorporated	
		Owned	Rented	Owned	Rented
Current ratio	1948	—	—	2.95	2.79
	1950	—	2.82	3.12	2.75
	1952	—	2.54	3.91	2.98
	1954	3.62	2.73	3.82	3.22
Liquidity ratio	1952	—	1.32	1.29	1.03
	1954	1.40	1.12	1.46	0.94
Working capital to net worth ratio	1948	—	—	0.67	0.90
	1950	—	0.89	0.70	0.91
	1952	—	0.86	0.73	0.87
	1954	0.75	0.95	0.64	0.91
Worth debt ratio	1948	—	—	2.13	1.73
	1950	—	1.75	2.00	1.54
	1952	—	1.59	2.84	1.86
	1954	2.24	1.32	3.06	1.83
Turnover of total capital employed	1952	—	1.85	1.42	1.92
	1954	1.58	1.85	1.28	1.91

COMPOSITION OF AVERAGE GROSS PROFIT
FAMILY CLOTHING STORES, UNINCORPORATED

1945-46-48-50-52 AND 54



COMPOSITION OF AVERAGE GROSS PROFIT
FAMILY CLOTHING STORES, INCORPORATED
1945-46-48-50-52 AND 54

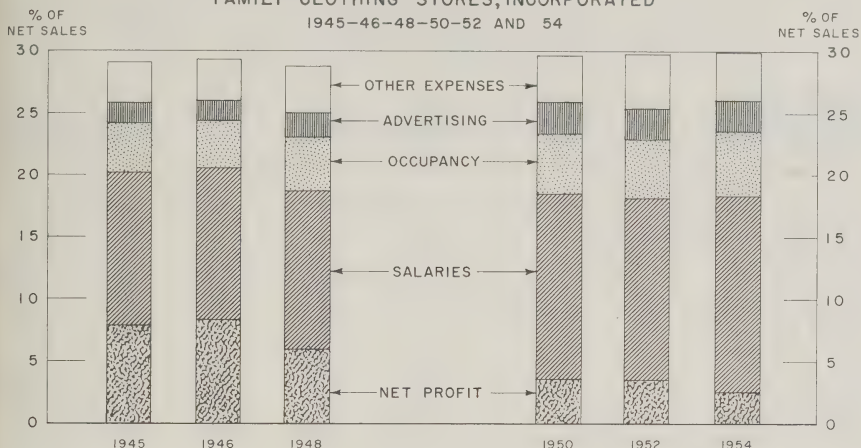


TABLE 12. Independent Family Clothing Stores—Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1954

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	20	39	36	16	20	46	41	23
Average net sales per store	\$ 15,122	\$ 34,243	\$ 67,462	\$ 239,058	\$ 14,900	\$ 34,653	\$ 67,974	\$ 194,234
Average beginning inventory	\$ 9,968	\$ 15,864	\$ 29,864	\$ 65,068	\$ 7,236	\$ 16,385	\$ 25,954	\$ 53,037
Average inventory, end of year	\$ 9,885	\$ 15,666	\$ 29,132	\$ 59,498	\$ 7,149	\$ 16,283	\$ 25,448	\$ 52,236
Average cost of goods sold	\$ 11,284	\$ 26,030	\$ 51,354	\$ 172,562	\$ 11,182	\$ 25,707	\$ 50,822	\$ 141,392
Stock turnover (times per year)	1.14	1.66	1.74	2.77	1.55	1.57	1.98	2.69
Profit and Loss Data (Per cent of net sales)								
Gross profit	25.38	23.98	23.88	27.82	24.95	25.82	25.23	27.21
Operating expenses:								
Employees' salaries and wages (except delivery)	2.83	5.67	6.82	9.50	3.52	5.93	7.00	9.89
Delivery	0.49	0.40	0.36	0.21	0.30	0.46	0.26	0.14
Occupancy expenses:								
Taxes	1.94	1.15	0.75	0.71	0.68	0.53	0.33	0.31
Insurance	1.43	1.03	0.73	0.70	0.67	0.86	0.61	0.56
Rent	—	—	—	—	4.64	3.79	2.75	2.42
Heat, light and power	2.13	1.18	0.83	0.74	1.14	0.87	0.65	0.55
Repairs and maintenance	1.37	0.91	0.63	0.56	0.34	0.43	0.42	0.38
Depreciation allowances	2.27	1.21	0.96	0.97	0.26	0.53	0.55	0.85
Total occupancy expenses	9.14	5.48	3.90	3.68	7.73	7.01	5.31	5.07
Office or store supplies	0.65	0.44	0.39	0.69	0.69	0.42	0.44	0.70
Advertising	0.76	0.58	1.18	1.32	0.54	0.84	0.79	2.19
Net loss on bad debts	0.20	0.10	0.17	0.39	0.09	0.27	0.05	0.20
All other expenses	2.80	2.38	2.14	2.49	2.15	2.62	2.30	2.19
Total operating expenses	16.87	15.05	14.96	18.28	15.02	17.55	16.15	20.38
Net operating profit before deduction of proprietors' salaries and income tax	8.51	8.93	8.92	9.54	9.93	8.27	9.08	6.83

TABLE 13. Independent Family Clothing Stores — Operating Results of Incorporated Stores by Sales Volume and Occupancy Basis, 1954

Item	Owned stores with annual net sales of		Rented stores with annual net sales of		
	Under \$100,000	\$100,000 and over	\$20,000 to \$99,999	\$100,000 to \$399,999	\$400,000 and over
Number of stores reporting	8	9	27	33	16
Average net sales per store	\$ 60,312	369,649	58,304	208,995	653,626
Average beginning inventory	29,732	89,702	28,685	65,123	143,362
Average inventory, end of year	28,965	93,515	26,067	63,105	150,150
Average cost of goods sold	42,176	264,808	42,393	148,076	448,432
Stock turnover (times per year)	1.44	2.89	1.55	2.31	3.06
Profit and Loss Data (Per cent of net sales)					
Gross profit	30.06	28.36	27.29	29.15	31.39
Operating expenses:					
Employees' salaries and wages (except delivery)	17.60	15.61	13.70	15.80	16.12
Delivery	—	0.34	0.35	0.16	0.26
Occupancy expenses:					
Taxes	1.21	0.84	0.46	0.54	0.27
Insurance	1.23	0.49	0.93	0.63	0.38
Rent	—	—	3.00	2.45	2.28
Heat, light and power	0.86	0.87	0.99	0.62	0.54
Repairs and maintenance	0.73	1.05	0.36	0.52	0.72
Depreciation allowances	1.14	0.99	0.69	0.81	0.88
Total occupancy expenses	5.17	4.24	6.43	5.57	5.07
Office or store supplies	0.50	0.95	0.61	0.67	1.01
Advertising	1.06	2.38	1.29	1.94	3.25
Net loss on bad debts	0.92	0.28	0.16	0.67	0.51
All other expenses	3.73	2.53	2.24	2.08	2.38
Total operating expenses	28.98	26.33	24.78	26.89	28.60
Net operating profit before provision for income tax	1.08	2.03	2.51	2.26	2.79

TABLE 14. Independent Family Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of					Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000- \$99,999	\$100,000 and over	
	Under 10 years	10 years and over	Total			
(Average per store)						
Assets						
Current assets:						
Cash on hand and in bank.....	2,590	2,895	2,831	7,238	15,365	6,829
Accounts and notes receivable (net).....	933	1,639	1,490	4,176	32,493	8,077
Merchandise inventory.....	15,019	15,839	15,667	29,138	59,498	28,844
Other current assets	2,440	1,552	1,739	2,503	7,504	3,077
Total current assets	20,982	21,925	21,727	43,055	114,860	46,811
Fixed assets (net):						
Used in the business.....	6,494	6,829	6,758	12,177	32,329	13,477
Not used in the business	5,213	3,130	3,568	5,673	14,439	6,344
Total fixed assets (net)	11,707	9,959	10,326	17,850	46,768	19,821
Other assets:						
Long term investments	—	450	355	1,847	22,406	4,877
Other assets	211	1,366	1,123	169	262	587
Total other assets	211	1,816	1,478	2,016	22,668	5,464
Total assets	32,900	33,700	33,531	62,921	184,296	72,095
Liabilities						
Current liabilities:						
Accounts and notes payable.....	4,604	6,101	5,786	12,104	28,025	12,266
Fixed liabilities:						
Mortgages on fixed assets used in business	1,088	1,446	1,370	2,939	5,080	2,655
Mortgages on fixed assets not used in business.....	578	1,660	1,433	1,953	938	1,555
Total fixed liabilities	1,666	3,106	2,803	4,892	6,018	4,211
Other liabilities	18	416	332	2,165	1,539	1,288
Total liabilities	6,288	9,623	8,921	19,161	35,582	17,755
Net worth:						
Proprietor's or partners' equity in the business	26,612	24,077	24,610	43,760	148,714	54,339
Total liabilities and net worth.....	32,900	33,700	33,531	62,921	184,296	72,095
Average net sales of stores reporting.....	31,060	34,972	34,148	67,462	239,058	83,900
Number of stores reporting	8	30	38	36	16	

TABLE 15. Independent Family Clothing Stores - Rented - Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of									Total all sizes \$20,000 and over	
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(Average per store)											
Assets											
Current assets:											
Cash on hand and in bank	1,475	1,424	1,441	5,037	4,116	4,340	6,153	17,874	12,268	4,867	
Accounts and notes receivable (net)	2,176	2,458	2,362	1,464	1,952	1,833	12,110	10,663	11,355	4,162	
Merchandise inventory	18,157	15,854	16,639	27,981	24,830	25,597	48,761	54,432	51,720	27,584	
Other current assets	1,018	1,394	1,266	1,651	4,867	4,085	888	2,397	1,675	2,360	
Total current assets	22,826	21,130	21,708	36,133	35,765	35,853	67,912	85,366	77,018	38,973	
Fixed assets (net):											
Used in the business	2,038	1,153	1,454	2,963	2,244	2,419	9,291	4,905	7,003	3,025	
Not used in the business	—	2,372	1,564	7,931	4,764	5,534	1,045	557	790	2,805	
Total fixed assets (net)	2,038	3,525	3,018	10,894	7,008	7,953	10,336	5,462	7,793	5,830	
Other assets:											
Long term investments	—	27	18	1,646	83	464	727	—	348	250	
Other assets	302	412	374	582	484	506	2,778	898	1,797	736	
Total other assets	302	439	392	2,228	567	970	3,505	898	2,145	986	
Total assets	25,166	25,094	25,118	49,255	43,340	44,778	81,753	91,726	86,956	45,789	
Liabilities											
Current Liabilities:											
Accounts and notes payable	6,160	6,141	6,147	16,168	10,305	11,731	24,989	23,176	24,043	12,092	
Fixed liabilities:											
Mortgages on fixed assets used in business	1,134	—	386	2,611	702	1,166	1,682	—	804	756	
Mortgages on fixed assets not used in business	650	655	654	656	767	740	492	—	235	592	
Total fixed liabilities	1,784	655	1,040	3,267	1,469	1,906	2,174	—	1,039	1,348	
Other liabilities	4,586	2,098	2,946	4,186	2,114	2,618	4,520	698	2,527	2,736	
Total liabilities	12,530	8,894	10,133	23,621	13,888	16,255	31,683	23,874	27,609	16,176	
Net worth:											
Proprietor's or partners' equity in the business	12,636	16,200	14,985	25,634	29,452	28,523	50,070	67,852	59,347	29,613	
Total liabilities and net worth	25,166	25,094	25,118	49,255	43,340	44,778	81,753	91,726	86,956	45,789	
Average net sales of stores reporting	35,702	34,519	34,923	72,247	67,495	68,651	185,908	201,866	194,234	82,154	
Number of stores reporting	15	29	44	9	28	37	11	12	23	104	

TABLE 16. Independent Family Clothing Stores - Owned - Financial Structure of Incorporated Stores by Size as at December 31, 1954

Item	Stores with annual net sales of		Total all sizes \$20,000 and over
	Under \$100,000	\$100,000 and over	
(Average per store)			
Assets			
Current assets:			
Cash on hand and in bank	1,313	12,980	7,877
Accounts and notes receivable (net)	6,536	38,566	24,553
Merchandise inventory	31,745	93,515	66,491
Other current assets	608	16,650	9,631
Total current assets	40,202	161,711	108,551
Fixed assets (net):			
Used in the business	21,411	49,347	37,125
Not used in the business	—	797	448
Total fixed assets (net)	21,411	50,144	37,573
Other assets:			
Long term investments	—	933	525
Other assets	6,189	2,747	4,253
Total other assets	6,189	3,680	4,778
Total assets	67,802	215,535	150,902
Liabilities			
Current liabilities:			
Accounts and notes payable	12,919	43,237	29,973
Fixed liabilities:			
Mortgages on fixed assets used in business	2,150	12,246	7,829
Mortgages on fixed assets not used in business	—	—	—
Total fixed liabilities	2,150	12,246	7,829
Other liabilities	8,305	9,178	8,796
Total liabilities	23,374	64,661	46,598
Net worth:			
Capital stock	41,479	79,774	63,020
Surplus and undivided profits	2,949	71,100	41,284
Total net worth	44,428	150,874	104,304
Total liabilities and net worth	67,802	215,535	150,902
Average net sales of stores reporting	66,802	369,620	237,137
Number of stores reporting	7	9	16

TABLE 17. Independent Family Clothing Stores—Rented—Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$99,999			\$100,000-\$399,999			\$400,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank.....	2,486	5,104	3,795	7,074	14,484	12,687	7,628	20,080	14,632	10,020
Accounts and notes receivable (net).....	5,503	7,168	6,335	10,376	21,386	18,717	57,362	124,290	95,009	30,700
Merchandise inventory.....	24,261	27,358	25,809	39,697	70,887	63,326	135,111	184,471	151,627	69,158
Other current assets.....	796	1,026	912	5,070	10,232	8,981	4,095	20,541	13,346	7,114
Total current assets.....	33,046	40,656	36,851	62,217	116,989	103,711	204,196	329,382	274,614	116,992
Fixed assets (net):										
Used in the business.....	2,069	1,271	1,670	4,769	6,609	6,163	33,434	41,508	37,976	11,392
Not used in the business.....	—	—	—	—	945	716	1,304	2,000	1,696	677
Total fixed assets (net)	2,029	1,271	1,670	4,769	7,554	6,879	34,738	43,508	39,672	12,069
Other assets:										
Long term investments.....	19	1,194	607	4,619	4,204	4,304	2,468	1,110	1,704	2,468
Other assets	3,269	439	1,854	301	7,729	5,929	14,069	5,108	9,028	5,177
Total other assets	3,288	1,633	2,461	4,920	11,933	10,233	16,537	6,218	10,732	7,645
Total assets	38,403	43,560	40,982	71,906	136,476	120,823	255,471	379,108	325,018	136,706
Liabilities										
Current liabilities:										
Accounts and notes payable	5,978	11,173	8,576	21,321	41,968	36,963	78,553	135,504	110,588	42,829
Fixed liabilities:										
Mortgages on fixed assets used in business	633	338	486	1,750	2,760	2,515	—	—	—	1,275
Mortgages on fixed assets not used in business.....	—	49	24	—	68	52	—	1,334	750	191
Total fixed liabilities	633	387	510	1,750	2,828	2,567	—	1,334	750	1,466
Other liabilities	5,560	7,189	6,374	6,583	13,532	11,847	45,341	23,896	33,279	14,522
Total liabilities	12,171	18,749	15,460	29,654	58,328	51,377	123,894	160,734	144,617	58,817
Net worth:										
Capital stock.....	17,210	15,380	16,295	12,925	36,320	30,648	47,304	78,486	64,844	32,968
Surplus and undivided profits.....	9,022	9,431	9,227	29,327	41,828	38,758	84,273	139,888	115,557	44,821
Total net worth	26,232	24,811	25,522	42,252	78,148	69,446	131,577	218,374	180,401	77,889
Total liabilities and net worth	38,403	43,560	40,982	71,906	136,476	120,823	255,471	379,108	325,018	136,706
Average net sales of stores reporting	54,229	62,043	58,136	134,313	232,893	208,995	525,050	753,629	653,626	251,551
Number of stores reporting	13	13	26	8	25	33	7	9	16	75

INDEPENDENT FAMILY SHOE STORES

Only retail establishments selling mainly combined, men's and boys', women's and misses' and children's and infants' footwear are included in this report.

Unincorporated and incorporated "single establishment" or "independent" firms only are covered. After careful editing 254 questionnaires were used in the tabulation for the profit and loss of unincorporated stores (77 for owned and 177 for rented stores). The results of incorporated stores were derived from 69 properly completed questionnaires, rented stores only.

Returns for which balance sheet data were properly completed numbered 207 for unincorporated stores and 69 for incorporated firms. Any change in the actual count from survey to survey may be attributed to changes in store classification, stores going out of business, the necessity of augmenting the survey list or simply to different non-response in the survey years.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Compilation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for approximately 11% of total shoe store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 and the charts do not show weighted ratios. For sake of comparability with previous years for which weights are not available, aggregate or unweighted ratios were used.

The average gross profit expressed as a percentage of average net sales increased in 1954 to 27.77 per cent from 27.21 in 1952. The operating expense increase more than doubled the increase in the gross profit, with a resulting decrease in net operating profit. Incorporated shoe stores cover only rented stores; their average gross profit increased from 30.06 per cent in 1952 to 31.49 in 1954, while the net operating profit decreased in 1954 to 2.49 per cent from 3.02 per cent in 1952. Salaries of management of incorporated firms charged as operating expenses account for the low net profit ratio compared with unincorporated stores.

The rate of stock turnover progressively increased with sales-sizes for owned and rented stores for both types of organization.

Inventories at the end of the year for both unincorporated and incorporated stores were down at the end of the year by 0.57 per cent and 1.32 per cent respectively.

Balance sheet ratios are shown historically, affording valuable comparison for further study.

The following summaries, tables and charts, will give more detail and information on the operating results and financial position of independent Shoe stores, 1954.

Operating Results of Independent Family Shoe Stores 1952 and 1954 compared

Item	Unincorporated		Incorporated ¹	
	1952	1954	1952	1954
	(per cent of net sales)			
Gross profit.....	27.21	27.77	30.06	31.49
Operating expenses:				
Employees salaries	7.07	7.74	15.74	16.98
Occupancy	5.33	5.76	6.15	6.54
Store supplies	0.51	0.47	0.49	0.59
Advertising	1.04	1.10	1.77	1.99
All other expenses	2.13	2.48	2.89	2.90
Total Operating Expenses	16.08	17.55	27.04	29.00
Net operating profit before deduction of income tax ²	11.13	10.22	3.02	2.49

1. Covers only rented stores.

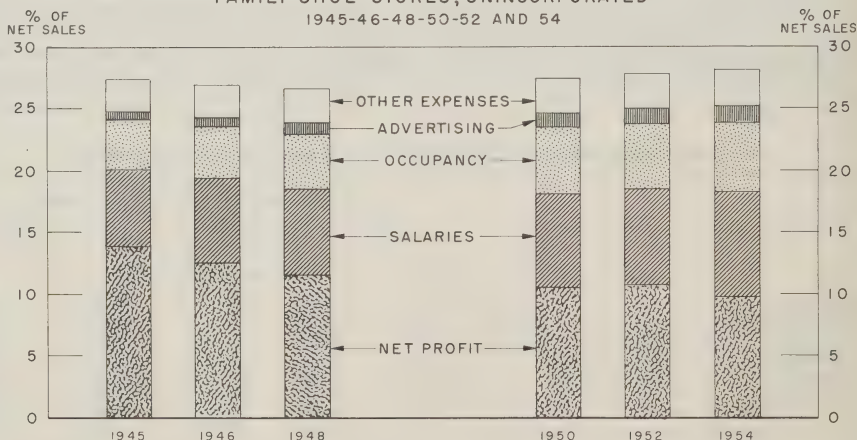
2. Proprietors' salaries included for unincorporated stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios of Independent Family Shoe Stores as at December 31, 1948-50-52-54

Item		Incorporated	Unincorporated	
		Rented	Owned	Rented
Current ratio	1948	4.88	3.25	3.00
	1950	2.59	3.02	2.81
	1952	2.62	3.88	3.21
	1954	2.40	3.41	3.39
Liquidity ratio.....	1952	0.55	0.92	0.75
	1954	0.45	0.80	0.63
Working capital to net worth ratio.....	1948	0.88	0.66	0.88
	1950	0.88	0.69	0.91
	1952	0.77	0.69	0.91
	1954	0.74	0.66	0.94
Worth debt ratio.....	1948	3.57	2.86	2.04
	1950	1.43	1.92	1.79
	1952	2.01	2.45	2.10
	1954	1.64	1.98	2.09
Turnover of total capital employed.....	1952	1.89	1.36	1.93
	1954	1.85	1.14	2.04

COMPOSITION OF AVERAGE GROSS PROFIT
FAMILY SHOE STORES, UNINCORPORATED
1945-46-48-50-52 AND 54



COMPOSITION OF AVERAGE GROSS PROFIT
FAMILY SHOE STORES, INCORPORATED
 1945-46-48-50-52 AND 54

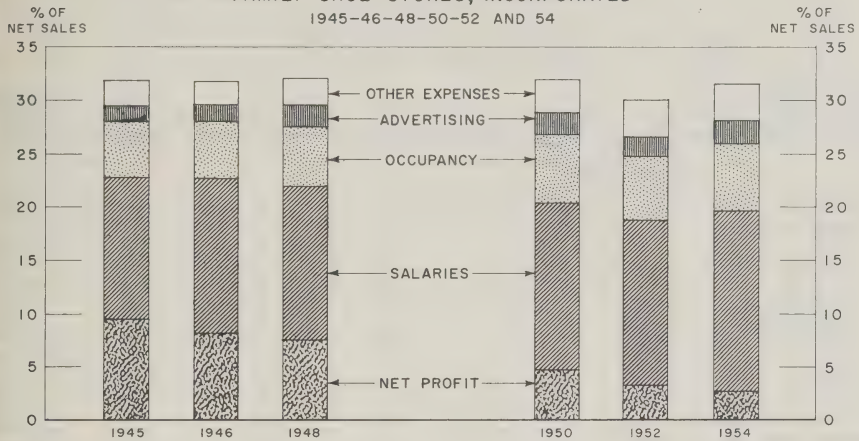


TABLE 18. Independent Family Shoe Stores — Operating Results of Unincorporated Stores by Sales Volume and Occupancy Basis, 1954

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	16	35	16	8	20	64	61	32
Average net sales per store	\$ 15,015	\$ 30,744	\$ 68,427	\$ 151,997	\$ 16,008	\$ 34,083	\$ 69,320	\$ 141,635
Average beginning inventory	\$ 8,582	\$ 15,595	\$ 27,913	\$ 61,909	\$ 10,809	\$ 15,799	\$ 28,470	\$ 43,340
Average inventory, end of year	\$ 8,692	\$ 15,771	\$ 27,692	\$ 59,598	\$ 10,587	\$ 15,740	\$ 27,887	\$ 43,936
Average cost of goods sold	\$ 10,990	\$ 23,367	\$ 49,009	\$ 107,564	\$ 11,502	\$ 24,667	\$ 50,386	\$ 99,557
Stock turnover (times per year)	1.27	1.49	1.76	1.77	1.08	1.56	1.79	2.28
Profit and Loss Data (Per cent of net sales)								
Gross profit	26.81	24.00	28.38	29.23	28.14	27.63	27.31	29.71
Operating expenses:								
Employees' salaries and wages (except delivery)	2.88	4.90	9.13	11.30	4.97	5.93	8.61	9.95
Delivery	0.30	0.34	0.36	0.54	0.28	0.13	0.30	0.24
Occupancy expenses:								
Taxes	2.00	1.02	0.82	0.82	0.75	0.44	0.34	0.33
Insurance	1.12	0.94	0.67	0.61	0.74	0.64	0.57	0.44
Rent	—	—	—	—	4.50	4.56	3.58	3.35
Heat, light and power	2.04	1.08	0.73	0.64	1.18	0.87	0.56	0.42
Repairs and maintenance	0.86	0.62	0.54	0.59	0.24	0.47	0.37	0.28
Depreciation allowances	2.11	1.05	0.92	1.35	0.26	0.42	0.45	0.67
Total occupancy expenses	8.13	4.71	3.68	4.01	7.67	7.20	5.87	5.52
Office or store supplies	0.38	0.46	0.36	0.78	0.49	0.46	0.48	0.39
Advertising	0.64	0.92	0.77	1.43	0.57	0.74	1.27	1.76
Net loss on bad debts	0.18	0.11	0.25	—	0.05	0.02	0.09	0.03
All other expenses	2.78	2.42	2.06	1.87	2.29	1.88	2.17	2.00
Total operating expenses	15.29	13.86	16.61	19.93	16.32	16.36	18.79	19.89
Net operating profit before deduction of proprietors' salaries and income tax	11.52	10.14	11.77	9.30	11.82	11.27	8.52	9.82

TABLE 19. Independent Family Shoe Stores — Operating Results of Rented Incorporated Stores by Sales Volume, 1954

Item	Stores with annual net sales of		
	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	10	27	3
Average net sales per store	\$ 37,019	70,969	169,911
Average beginning inventory	18,798	28,282	55,998
Average inventory, end of year	18,953	29,206	54,036
Average cost of goods sold	25,779	46,538	116,144
Stock turnover (times per year)	1.37	1.69	2.11
Profit and Loss Data (Per cent of net sales)			
Gross profit	30.36	31.61	31.64
Operating expenses:			
Employees' salaries and wages (except delivery)	16.93	16.54	17.19
Delivery	0.34	0.34	0.32
Occupancy expenses:			
Taxes	0.61	0.45	0.39
Insurance	0.64	0.61	0.53
Rent	4.73	4.36	3.56
Heat, light and power	0.90	0.72	0.46
Repairs and maintenance	0.48	0.50	0.38
Depreciation allowances	0.91	0.61	0.59
Total occupancy expenses	8.27	7.27	5.91
Office or store supplies	0.43	0.62	0.61
Advertising	1.28	1.56	2.30
Net loss on bad debts	0.18	0.09	0.09
All other expenses	2.92	2.52	2.39
Total operating expenses	30.35	28.94	28.81
Net operating profit before provision for income tax	0.01	2.67	2.83

TABLE 20. Independent Family Shoe Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of					Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000- \$99,999	\$100,000 and over	
	Under 10 years	10 years and over	Total			
(average per store)						
Assets						
Current assets:						
Cash on hand and in bank	1,347	2,390	1,979	3,268	2,327	2,391
Accounts and notes receivable (net)	345	1,023	756	1,434	2,119	1,120
Merchandise inventory	14,391	16,787	15,843	27,655	64,114	25,252
Other current assets	968	4,778	3,277	2,880	11,787	4,227
Total current assets	17,051	24,978	21,855	35,237	80,347	32,990
Fixed assets (net):						
Used in the business	9,992	8,055	8,818	12,686	51,861	15,303
Not used in the business	2,632	1,275	1,810	2,326	6,650	2,562
Total fixed assets (net)	12,624	9,330	10,628	15,012	58,511	17,865
Other assets:						
Long term investments	289	545	445	1,167	7,073	1,480
Other assets	642	1,106	922	33	—	553
Total other assets	931	1,651	1,367	1,200	7,073	2,033
Total assets	30,606	35,959	33,850	51,449	145,931	52,888
Liabilities						
Current liabilities:						
Accounts and notes payable	4,619	5,333	5,052	8,865	33,403	9,685
Fixed liabilities:						
Mortgages on fixed assets used in business	2,680	2,372	2,493	4,236	20,410	5,231
Mortgages on fixed assets not used in business	192	909	627	635	4,074	1,060
Total fixed liabilities	2,872	3,281	3,120	4,871	24,484	6,291
Other liabilities	977	478	674	1,777	6,966	1,776
Total liabilities	8,468	9,092	8,846	15,513	64,853	17,752
Net worth: Proprietor's or partners' equity in the business	22,138	26,867	25,004	35,936	81,078	35,136
Total liabilities and net worth	30,606	35,959	33,850	51,449	145,931	52,888
Average net sales of stores reporting	28,436	32,941	31,166	68,428	155,593	57,366
Number of stores reporting	13	20	33	16	7	56

TABLE 21. Independent Family Shoe Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets	(average per store)									
Current assets:										
Cash on hand and in bank.....	1,451	2,117	1,822	3,413	3,037	3,167	4,785	10,519	8,190	3,689
Accounts and notes receivable (net).....	914	276	558	514	1,656	1,262	838	921	887	898
Merchandise inventory.....	14,068	16,740	15,558	23,867	29,693	27,684	45,311	43,026	43,954	26,233
Other current assets.....	133	1,012	623	738	2,338	1,786	1,885	2,688	2,362	1,438
Total current assets.....	16,566	20,145	18,561	28,532	36,724	33,899	52,819	57,154	55,393	32,258
Fixed assets (net):										
Used in the business.....	1,367	687	988	1,974	1,819	1,872	5,237	4,322	4,693	2,113
Not used in the business.....	592	2,255	1,519	69	50	57	2,083	536	1,165	882
Total fixed assets (net).....	1,959	2,942	2,507	2,043	1,869	1,929	7,320	4,858	5,858	2,995
Other assets:										
Long term investments.....	304	190	241	—	344	225	—	199	118	209
Other assets.....	40	134	92	29	41	37	—	353	210	96
Total other assets.....	344	324	333	29	385	262	—	552	328	305
Total assets.....	18,869	23,411	21,401	30,604	38,978	36,090	60,139	62,564	61,579	35,558
Liabilities										
Current Liabilities: Accounts and notes payable.....	5,836	4,350	5,008	9,985	10,191	10,120	22,603	13,225	17,035	9,520
Fixed liabilities:										
Mortgages on fixed assets used in business.....	81	—	36	1,254	1	433	192	768	534	294
Mortgages on fixed assets not used in business.....	148	660	433	—	—	—	376	869	669	317
Total fixed liabilities.....	229	660	469	1,254	1	433	568	1,637	1,203	611
Other liabilities.....	1,312	663	950	1,259	1,646	1,512	931	2,484	1,853	1,358
Total liabilities.....	7,377	5,673	6,427	12,498	11,838	12,065	24,102	17,346	20,091	11,489
Net worth: Proprietor's or partners' equity in the business.....										
	11,492	17,738	14,974	18,106	27,140	24,025	36,037	45,218	41,488	24,069
Total liabilities and net worth.....	18,869	23,411	21,401	30,604	38,978	36,090	60,139	62,564	61,579	35,558
Average net sales of stores reporting.....	34,779	33,986	34,337	71,263	69,189	69,904	141,145	141,970	141,635	70,737
Number of stores reporting.....	27	34	61	20	38	58	13	19	32	151

TABLE 22. Independent Family Shoe Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1954

Item	Stores with annual net sales of								Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000-\$99,999			\$100,000 and over				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total			
Assets	(average per store)								
Current assets:									
Cash on hand and in bank	993	3,356	2,400	3,108	6,408	6,712	6,617	4,429	
Accounts and notes receivable (net)	514	1,375	1,836	1,494	4,137	2,986	3,346	2,211	
Merchandise inventory	18,953	28,872	30,729	29,354	39,889	60,466	54,035	39,293	
Other current assets	869	1,324	428	1,092	2,740	4,369	3,860	2,343	
Total current assets	21,329	34,927	35,393	35,048	53,174	74,533	67,858	48,276	
Fixed assets (net):									
Used in the business	1,776	2,667	2,082	2,515	3,368	7,659	6,318	4,172	
Not used in the business	67	466	—	345	—	959	659	450	
Total fixed assets	1,843	3,133	2,082	2,860	3,368	8,618	6,977	4,622	
Other assets:									
Long term investments	—	902	708	852	1,600	5,693	4,415	2,381	
Other assets	2,354	2,077	2,741	2,249	15,528	7,046	9,696	5,718	
Total other assets	2,354	2,979	3,449	3,101	17,128	12,739	14,111	8,099	
Total assets	25,526	41,039	40,924	41,009	73,670	95,890	88,946	60,997	
Liabilities									
Current Liabilities: Accounts and notes payable	10,935	14,489	12,825	14,058	26,685	28,657	28,041	20,090	
Fixed liabilities:									
Mortgages on fixed assets used in business	136	882	—	654	—	—	—	276	
Mortgages on fixed assets not used in business	897	88	—	65	—	—	—	155	
Total fixed liabilities	1,033	970	—	719	—	—	—	431	
Other liabilities	3,471	966	1,720	1,161	1,734	4,406	3,571	2,614	
Total liabilities	15,439	16,425	14,545	15,938	28,419	33,063	31,612	23,135	
Net worth:									
Capital stock	9,770	12,398	11,563	12,181	28,323	36,937	34,245	22,064	
Surplus and undivided profits	317	12,216	14,816	12,890	16,928	25,890	23,089	15,798	
Total net worth	10,087	24,614	26,379	25,071	45,251	62,827	57,334	37,862	
Total liabilities and net worth	25,526	41,039	40,924	41,009	73,670	95,890	88,946	60,997	
Average net sales of stores reporting	37,019	70,617	71,975	70,969	150,983	178,515	169,911	111,934	
Number of stores reporting	10	20	7	27	10	22	32	69	

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CANADA



**OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL CLOTHING STORES
1956**

(Independent)

Published by Authority of
The Honourable Gordon Churchill, Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS
Industry and Merchandising Division
Merchandising and Services Section

NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I — Wholesale Statistics

- A — Wholesale Trade, 25¢
- *B — Operating Results of Food Wholesalers, 25¢
- *C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- *D — 1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
 - 2 Operating Results of Drug Wholesalers, 25¢
 - 3 Operating Results of Hardware Wholesalers, 25¢
 - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
 - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

Part II — Retail Statistics

- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- *H — Operating Results of Food Store Chains, 25¢
- *I — Operating Results of Clothing Store Chains, 25¢
- *J — 1 Operating Results of Variety Store Chains, 25¢
 - 2 Operating Results of Drug Store Chains, 25¢
 - 3 Operating Results of Furniture Store Chains, 25¢
- K — Operating Results of Independent Food Stores, 25¢
- L — Operating Results of Independent Clothing Stores, 25¢
- M — Operating Results of Independent Hardware, Furniture, Appliance, Radio and Television Stores, 25¢
- N — Operating Results of Filling Stations and Garages, 25¢
- O — 1 Operating Results of Independent General Stores, 25¢
 - 2 Operating Results of Independent Restaurants, 25¢
 - 3 Operating Results of Independent Fuel Dealers, 25¢
 - 4 Operating Results of Independent Drug Stores, 25¢
 - 5 Operating Results of Independent Jewellery Stores, 25¢
 - 6 Operating Results of Independent Tobacco Stores, 25¢
- P — Retail Credit, 25¢

Part III — Services and Special Fields

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W — Advertising Agencies (Memorandum), 10¢
- X — Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

- * Biennial reports — not issued for 1956.

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DEFINITIONS

Profit and Loss

- Net sales** — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.
- Purchases** — are taken at invoice value, less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations etc.
- Cost of goods sold** — determined by adding the beginning inventory to net purchases and deducting the ending inventory.
- Gross profit** — the difference between "cost of goods sold" and "net sales".
- Operating expenses** — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:
- Salaries and wages (except delivery)** — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" (in unincorporated store operations).
 - Delivery** — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.), and amount paid for contract delivery.
 - Taxes** — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.
 - Insurance** — annual proportion of premiums for insurance policies carried to protect the business.
 - Rent** — Payments for use of business premises, including rentals of warehouses and garages, etc.
 - Heat, light and power** — cost applicable to year's operations.
 - Repairs and maintenance** — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).
 - Depreciation allowances** — provision for decrease in the value of fixed store assets.
 - Office and Store supplies** — wrapping paper, office supplies, etc.
 - Advertising** — displays, window dressing and sales promotion.
 - Net bad debt loss** — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.
 - Other expenses** — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.
- Net operating profit** — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions for unincorporated business.
- Occupancy** — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.
- Non-trading income** — interest earned, revenues from rentals, other activities, carrying charges and investments.
- Non-trading expense** — interest expense, rental expense, any other expenses not pertaining to the business.

DEFINITIONS

Balance Sheet

Assets

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the cost value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investment of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth:

Current liabilities — are obligations which must be paid in the near future (usually one year) and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

Incorporated business — net worth is shown in two parts;

1. Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
2. Surplus, which represents distributable surplus, capital surplus and earned surplus.

DEFINITIONS

Profit and Loss Statement Ratios

Stock Turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross Profit Ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating Expense Ratios — each item of expense, as well as "total operating expenses", when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net Operating Profit Ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

Balance Sheet Ratios

Current Ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and over-investment in credit sales (accounts receivables) can result in a stronger or more favourable ratio.

Liquidity Ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working Capital to Net Worth Ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-Debt Ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of Total Capital Employed — $\text{Net Sales} \div \text{Total Assets used in the business}$ — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL CLOTHING STORES

1956

(Independent)

INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail store operators for the trades covered here. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard by which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size and kind of business, permit direct analysis of operating results for the year.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

The new owner of a retail store or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation of costs. Where capital is limited, as is often the case in a newly-

established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail clothing stores. Separate figures are given for both unincorporated and incorporated stores.

1. Men's clothing stores
2. Women's clothing stores
3. Family clothing stores
4. Family shoe stores

There are analyses of:

1. Profit and loss statements
2. Balance sheet statements

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories. This 1956 report, for the first time, shows information on "other income" and "other expense". The segregation of these items improves the quality of the ratios for net operating profit in that there is little chance of a "net" of these two items being included in operating profit.

Balance sheet data, which were introduced in 1948, are continued in this 1956 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales than was possible when all fixed assets of the proprietor were reported as one item.

COMPARISON OF MAIN ITEMS BY TRADES

Gross profits of the four clothing trades, expressed as percentages of net sales, showed an increase over the 1954 ratios. For unincorporated stores, these ratios ranged from 26.5% for family clothing stores to 29.6% for shoe stores. Operating expenses decreased in 1956 for men's and women's

clothing stores and increased for family clothing and shoe stores. The net operating profit ratios generally increased except for family clothing stores. In this trade operating expenses advanced at a more rapid rate than did gross profit over the 1954 ratios.

TABLE 1. Average Gross and Net Profits of Unincorporated Retail Clothing Stores
Historical Summary by Trades

Year	Men's clothing		Women's clothing		Family clothing		Shoe stores	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
	(per cent of net sales)							
1941	27.2	15.3	27.5	9.4	(not available)		26.3	9.3
1944	27.2	12.3	27.9	11.8	24.3	11.1	27.6	12.6
1945	27.5	13.5	27.7	11.5	24.8	11.5	27.3	13.9
1946	26.9	13.7	27.1	10.9	23.8	10.7	26.8	12.5
1948	25.9	11.9	25.8	10.4	23.4	10.0	26.6	11.5
1950	26.8	10.3	26.8	7.7	24.4	8.7	27.4	10.6
1952	26.6	10.1	26.8	8.0	24.4	8.9	27.7	10.8
1954	27.0	9.2	27.3	7.2	26.1	8.5	28.1	9.9
1956	28.1	10.4	28.5	8.6	26.5	8.4	29.6	10.9

Note: Net profit is before deduction of proprietors' salaries and income tax.

Incorporated stores followed the same pattern as the unincorporated clothing stores in that there was a general improvement in the ratio of gross profit which ranged from 30.6% of net sales for family clothing stores to 33.6% for shoe stores. Operating expenses decreased in relation to net sales except for shoe stores; in this trade the rate of increase over 1954 was not as great as the gain

in gross profit with the result that all trades obtained higher ratios of net operating profit in 1956. Executive salaries of incorporated stores are included in salary expense while proprietors' withdrawals of unincorporated stores are not. The latter are shown in net operating profit and cause the difference between the net operating profit ratios of the two types of organization.

TABLE 2. Average Gross and Net Profits of Incorporated Clothing Stores
Historical Summary by Trades

Year	Men's clothing		Women's clothing		Family clothing		Shoe stores	
	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit	Gross profit	Net profit
	(per cent of net sales)							
1945	31.5	11.0	30.5	7.3	29.1	7.8	31.9	9.5
1946	30.5	9.8	29.2	6.2	29.3	8.3	31.8	8.2
1948	28.6	6.4	28.5	5.1	28.8	6.0	32.1	7.6
1950	29.8	4.8	29.0	2.1	29.6	3.6	32.0	4.8
1952	29.3	3.0	29.3	2.8	29.7	3.5	30.0	3.3
1954	29.9	2.0	31.2	2.3	30.0	2.5	31.6	2.7
1956	30.8	3.9	31.8	3.3	30.6	3.1	33.6	3.2

Note: Net profit before deduction of income tax.

The rate of stock turnover was more rapid in 1956 than in 1954 for men's clothing stores, slightly slower for women's clothing stores and approximately

the same for family clothing and shoe stores. This trend was common to both the unincorporated and the incorporated categories.

TABLE 3. Stock Turnover Rate¹ of Clothing Stores
Historical Summary by Trades

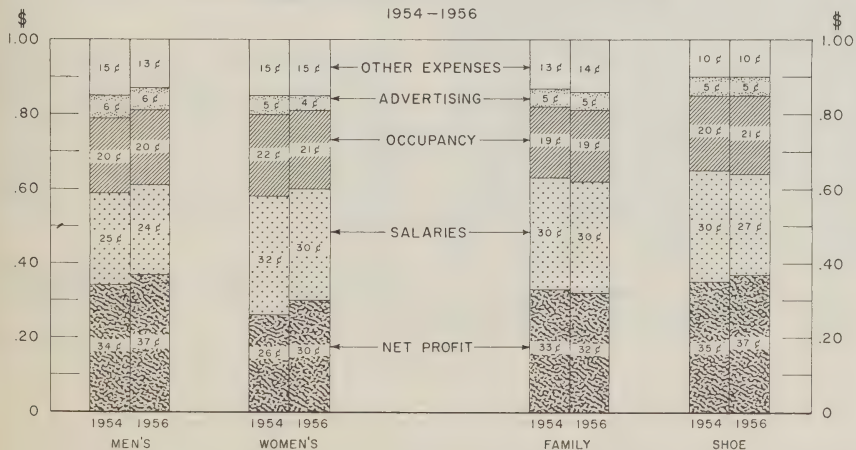
Year	Unincorporated				Incorporated			
	Men's clothing	Women's clothing	Family clothing	Shoes	Men's clothing	Women's clothing	Family clothing	Shoes
1941	2.1	4.1	—	2.1	N/A.			
1944	2.7	4.6	3.0	2.9				
1945	3.5	4.8	3.1	3.0	4.1	5.7	3.7	4.2
1946	3.6	4.6	3.2	2.9	4.1	5.2	4.0	4.0
1948	2.7	4.6	2.7	2.2	2.9	6.1	3.3	2.6
1950	2.1	3.5	2.2	1.9	2.4	4.0	2.7	2.1
1952	2.3	3.7	2.3	1.9	2.2	4.6	3.0	2.0
1954	1.9	3.4	2.1	1.8	2.0	4.7	2.5	1.9
1956	2.2	3.3	2.1	1.8	2.4	4.4	2.7	1.8

1. Times per year.

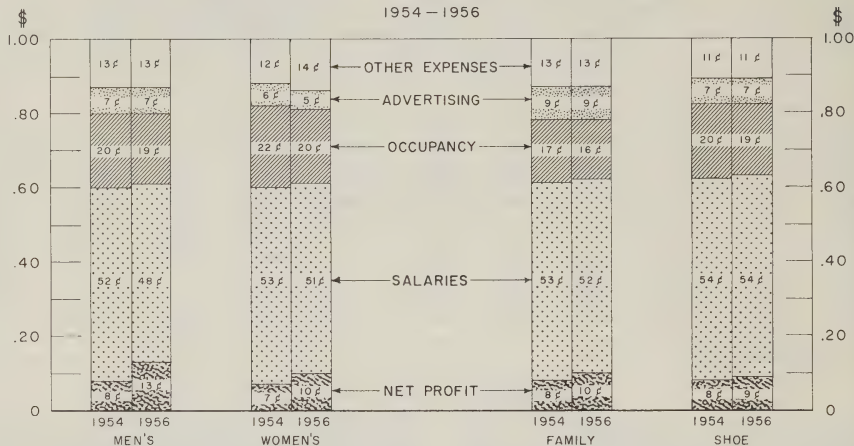
The following charts on the disposition of the average gross profit dollar for independent clothing stores are self explanatory. Comparisons are made for unincorporated and incorporated clothing trades as to net operating profit and operating expenses for 1954 and 1956. No attempt was made to show

owned and rented stores separately. Their predominant difference is in occupancy cost, which is normally greater in rented stores. Advertising plays a more important role in incorporated than unincorporated clothing stores.

DISPOSITION OF AVERAGE GROSS PROFIT DOLLAR,
INDEPENDENT UNINCORPORATED CLOTHING STORES
 1954-1956



DISPOSITION OF AVERAGE GROSS PROFIT DOLLAR,
INDEPENDENT INCORPORATED CLOTHING STORES
1954-1956



FINANCIAL STRUCTURE

Balance sheet data have been collected since 1946, with some improvements made in 1950. Various operating ratios can be made from tabular data shown under the separate trades on subsequent pages of this report. Averages are shown here in summary for unincorporated and incorporated and for owned and rented clothing stores separately and represent only stores in the \$20,000 and over annual sales volume categories. Reference should be made to page 6 for definitions of these ratios. These ratios are derived from the firms reporting in the designated years, not necessarily from identical firms throughout the series. Some ratios have only been compiled for three years, others for five years, biennially from 1948.

The current ratio of all trades has remained in a favourable position in excess of 2 to 1, that is

\$2.00 of current assets for each \$1.00 of current liabilities.

The liquidity ratio is a test of credit strength of a business, that is a standard position of \$1.00 readily converted assets for each \$1.00 of current liabilities. Any ratio below 1 would most likely denote a high inventory of merchandise on hand. A large amount of stock seems inevitable to carry on efficient business in the clothing trades; of course other reasons could influence the ratio unfavourably, such as any excessive liabilities i.e. loans, mortgages, etc.

Other ratios, both in trade comparisons and yearly within trades, are seen from the following table.

TABLE 4. Balance Sheet Ratios Independent Retail Clothing Stores as at December 31.

Items ¹		Owned				Rented			
		Men's clothing	Women's clothing	Family clothing	Shoe stores	Men's clothing	Women's clothing	Family clothing	Shoe stores
Incorporated									
Current ratio	1948	3.12	—	—	—	3.16	2.61	—	4.88
	1950	1.80	—	—	—	2.82	2.38	2.82	2.59
	1952	2.02	—	—	—	2.95	2.27	2.54	2.62
	1954	1.89	—	3.62	—	2.88	2.32	2.73	2.40
	1956	3.99	—	4.29	—	3.01	2.76	2.82	3.20
Liquidity ratio	1952	0.82	—	—	—	1.01	1.18	1.32	0.55
	1954	0.71	—	1.40	—	0.96	1.18	1.12	0.45
	1956	1.88	—	1.48	—	1.05	1.46	1.18	0.61
Working capital to net worth ratio	1948	0.73	—	—	—	0.96	0.80	—	0.88
	1950	0.47	—	—	—	0.84	0.78	0.89	0.88
	1952	0.52	—	—	—	0.85	0.80	0.86	0.77
	1954	0.52	—	0.75	—	0.93	0.74	0.95	0.74
	1956	0.70	—	0.79	—	0.98	0.83	0.98	0.98
Worth debt ratio	1948	1.67	—	—	—	1.85	1.69	—	3.57
	1950	1.15	—	—	—	1.82	1.54	1.75	1.43
	1952	1.37	—	—	—	1.85	1.45	1.59	2.01
	1954	1.06	—	2.24	—	1.37	1.49	1.32	1.64
	1956	1.52	—	1.79	—	1.22	1.56	1.33	1.35
Turnover of total capital employed ..	1952	1.37	—	—	—	1.81	2.70	1.85	1.89
	1954	1.00	—	1.58	—	1.62	2.64	1.85	1.85
	1956	0.98	—	1.51	—	1.79	2.45	2.02	1.83
Unincorporated									
Current ratio	1948	2.58	2.43	2.95	3.25	2.87	2.73	2.79	3.00
	1950	2.87	2.65	3.12	3.02	2.67	2.19	2.75	2.81
	1952	3.33	2.73	3.91	3.88	2.66	2.55	2.98	3.21
	1954	3.09	2.66	3.82	3.41	3.12	2.17	3.22	3.39
	1956	3.46	2.95	4.32	3.60	2.99	2.71	3.47	3.53
Liquidity ratio	1952	1.22	1.19	1.29	0.92	0.86	1.07	1.03	0.75
	1954	1.09	0.99	1.46	0.80	0.96	0.92	0.94	0.63
	1956	1.39	1.08	1.47	0.70	0.95	1.08	1.16	0.65
Working capital to net worth ratio	1948	0.57	0.51	0.67	0.66	0.88	0.86	0.90	0.88
	1950	0.63	0.49	0.70	0.69	0.83	0.79	0.91	0.91
	1952	0.64	0.51	0.73	0.69	0.85	0.86	0.87	0.91
	1954	0.60	0.54	0.64	0.66	0.90	0.79	0.91	0.94
	1956	0.72	0.59	0.66	0.66	0.94	0.91	1.03	0.98
Worth debt ratio	1948	2.27	1.75	2.13	2.86	1.92	1.75	1.73	2.04
	1950	2.08	2.17	2.00	1.92	1.72	1.27	1.54	1.79
	1952	2.56	2.39	2.84	2.45	1.61	1.58	1.86	2.10
	1954	2.30	1.96	3.06	1.98	1.86	1.18	1.83	2.09
	1956	2.00	1.69	2.99	2.28	1.60	1.16	1.47	1.82
Turnover of total capital employed ..	1952	1.41	1.78	1.42	1.36	1.91	2.76	1.92	1.93
	1954	1.12	1.67	1.28	1.14	1.79	2.44	1.91	2.04
	1956	1.24	1.60	1.32	1.23	1.86	2.55	1.82	2.04

1. Ratio definitions are shown on page 6.

COMPARISON OF FINANCIAL STRUCTURE OF UNINCORPORATED CLOTHING STORES

AVERAGE FINANCIAL POSITION AS AT DECEMBER 31, 1956

AVERAGE FINANCIAL
POSITION

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH

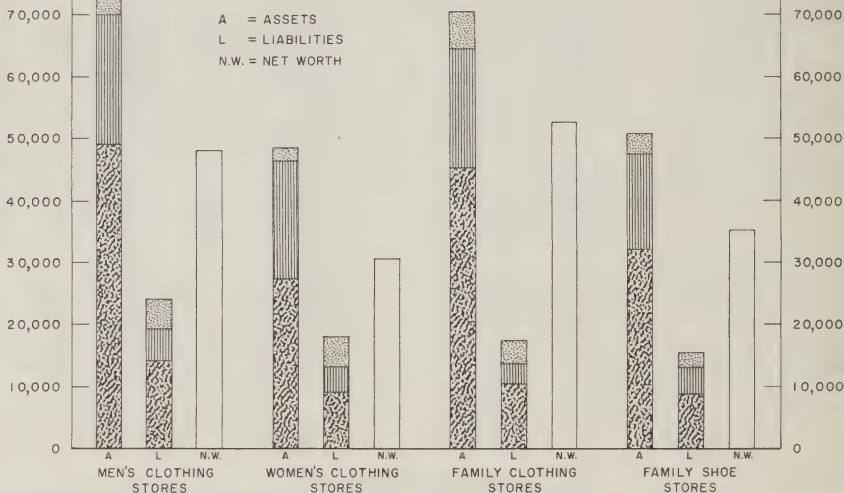
AVERAGE FINANCIAL
POSITION

\$80,000

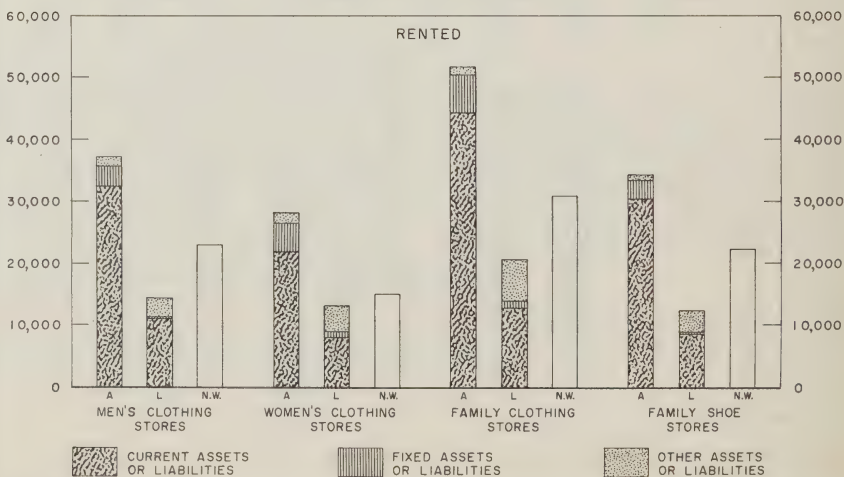
\$80,000

OWNED

A = ASSETS
L = LIABILITIES
N.W. = NET WORTH



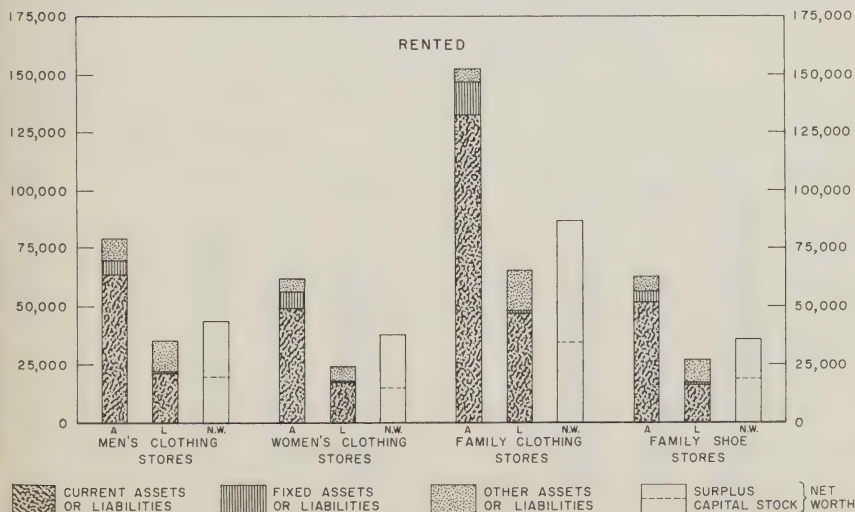
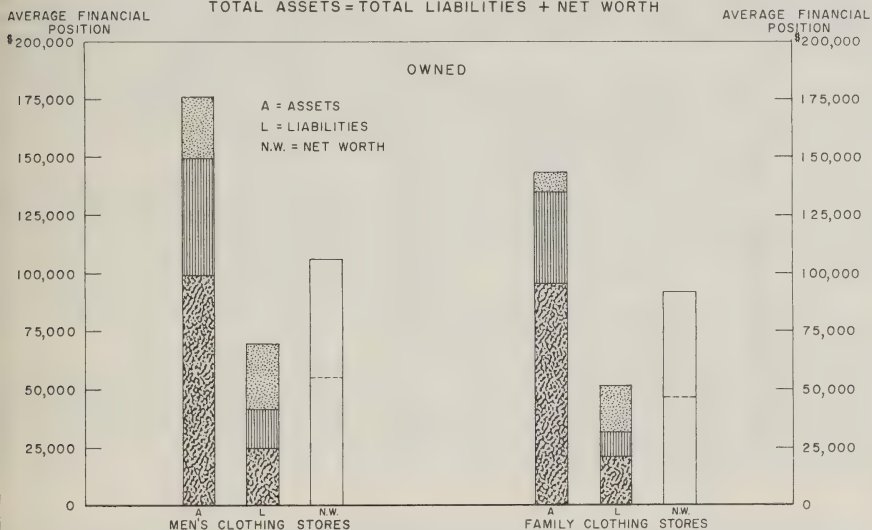
RENTED



COMPARISON OF FINANCIAL STRUCTURE OF INCORPORATED CLOTHING STORES

AVERAGE FINANCIAL POSITION AS AT DECEMBER 31, 1956

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



INDEPENDENT MEN'S CLOTHING STORES

This survey of independent men's clothing stores includes only establishments selling mainly men's and boy's ready-made clothing such as overcoats, topcoats, suits and work clothing. Furnishings such as hats, shoes, underwear, shirts and gloves may be carried but not in excess of 80% of the total trade.

Separate tabulations were made of unincorporated and incorporated stores for both profit and loss ratios and balance sheet data. Reports used in this study numbered 391 in the unincorporated group and 189 in the incorporated class. A slightly smaller number was used in each for the balance sheet tabulation. Results are shown by sales-size categories and, where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes", the different sales-size ratios were combined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey, the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large store operation. The use of weighting gives proper importance to small store operations

so that the ratios shown in the summary table below more truly represent the trade total.

Both unincorporated and incorporated men's clothing stores operated on higher gross profit ratios in 1956 than they did in 1954. Total operating expenses were lower in relation to net sales with a resulting improvement in net operating profit. Stores operated as proprietorships or partnerships increased their net profit from 9.44% in 1954 to 10.86%. Incorporated stores showed a substantial gain in net profit from 1.74% to 3.62%.

The end of the year inventories were at a higher level than at the beginning for both owned and rented unincorporated establishments. Incorporated stores showed higher inventories in the rented category but a lower level in the owned class. The rate of stock turnover increased progressively with sales size for owned and rented stores in both forms of organization. The over-all range was from 0.86 to 2.60 times per year.

Balance sheet ratios are shown historically affording valuable comparison for further study. The following summaries, tables and charts will give more detail on the operating results and financial structure of independent men's clothing stores for 1956.

TABLE 5. Independent Men's Clothing Stores — Operating Results for 1954 and 1956 compared

Item	Unincorporated		Incorporated	
	1954	1956	1954	1956
	(Per cent of net sales)			
Gross profit	27.02	28.17	29.83	30.76
Operating expenses:				
Employees' salaries	6.43	6.20	15.75	14.90
Occupancy	5.74	5.92	6.09	5.85
Office and store supplies	0.58	0.60	0.67	0.64
Advertising	1.41	1.43	2.14	2.06
All other expenses	3.42	3.16	3.44	3.69
Total operating expenses	17.58	17.31	28.09	27.14
Net operating profit before deduction of income tax ¹	9.44	10.86	1.74	3.62

1. Proprietors' salaries included for unincorporated stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores. They do not agree with ratios shown in historical tables.

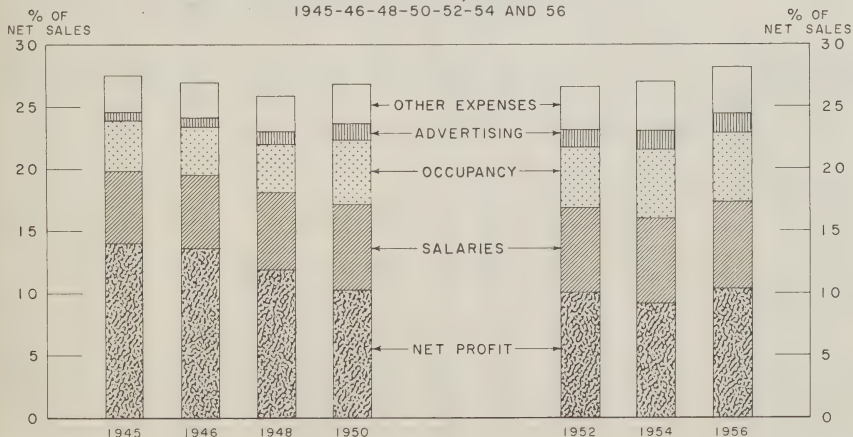
TABLE 6. Independent Men's Clothing Stores - Balance Sheet Ratios as at December 31

Item		Incorporated		Unincorporated	
		Owned	Rented	Owned	Rented
Current ratio	1948	3.12	3.16	2.58	2.87
	1950	1.80	2.82	2.87	2.67
	1952	2.02	2.95	3.33	2.66
	1954	1.89	2.88	3.09	3.12
	1956	3.99	3.01	3.46	2.99
Liquidity ratio	1952	0.82	1.01	1.22	0.86
	1954	0.71	0.96	1.09	0.96
	1956	1.88	1.05	1.39	0.95
Working capital to net worth ratio	1948	0.73	0.96	0.57	0.88
	1950	0.47	0.84	0.63	0.83
	1952	0.52	0.85	0.64	0.85
	1954	0.52	0.93	0.60	0.90
	1956	0.70	0.98	0.72	0.94
Worth debt ratio	1948	1.67	1.85	2.27	1.92
	1950	1.15	1.82	2.08	1.72
	1952	1.37	1.85	2.56	1.61
	1954	1.06	1.37	2.30	1.86
	1956	1.52	1.22	2.00	1.60
Turnover of total capital employed	1952	1.37	1.81	1.41	1.91
	1954	1.00	1.62	1.12	1.79
	1956	0.98	1.79	1.24	1.86

Note: See page 6 for definitions.

COMPOSITION OF AVERAGE GROSS PROFIT
MEN'S CLOTHING STORES, UNINCORPORATED

1945-46-48-50-52-54 AND 56



**COMPOSITION OF AVERAGE GROSS PROFIT
MEN'S CLOTHING STORES, INCORPORATED
1945-46-48-50-52-54 AND 56**

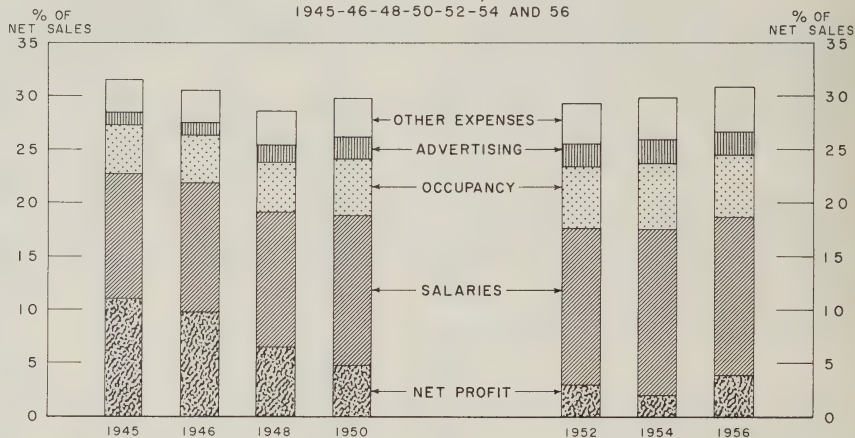


TABLE 7. Independent Men's Clothing Stores — Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of				Rented stores with annual net sales of				
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000- and over	Under \$10,000	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting.....	12	36	30	28	7	27	123	86	40
Average net sales per store.....\$	14,431	31,885	71,227	169,503	7,723	15,997	34,689	69,446	156,563
Average beginning inventory.....\$	8,192	12,310	26,015	49,291	6,163	9,123	13,259	23,288	40,992
Average inventory, end of year.....\$	8,161	12,869	27,066	51,640	6,030	9,359	13,380	23,735	43,954
Average cost of goods sold.....\$	10,762	22,659	52,149	125,081	5,214	11,117	24,745	50,182	110,258
Stock turnover (times per year).....	1.32	1.80	1.96	2.48	0.86	1.20	1.86	2.13	2.60
Profit and loss data (Per cent of net sales)									
Gross profit.....	25.43	28.94	26.79	26.21	32.48	30.50	28.66	27.74	29.57
Operating expenses:									
Executives' and employees' salaries and wages etc. (except delivery).....	2.10	4.66	5.93	9.23	—	1.76	3.99	6.30	8.71
Delivery.....	0.20	0.27	0.29	0.23	—	0.86	0.29	0.30	0.35
Occupancy expenses:									
Taxes.....	1.86	1.44	0.99	0.75	0.82	0.74	0.46	0.40	0.32
Insurance.....	0.98	0.97	0.78	0.60	1.12	0.92	0.76	0.62	0.60
Rent.....	—	—	—	—	11.04	7.48	4.54	3.46	2.31
Heat, light and power.....	2.10	1.35	0.82	0.69	1.18	1.43	0.87	0.66	0.55
Repairs and maintenance.....	0.55	0.80	0.49	0.60	0.28	0.53	0.51	0.49	0.43
Depreciation allowances.....	0.95	1.07	1.01	1.12	0.08	0.91	0.67	0.55	0.64
Total occupancy expenses.....	6.44	5.63	4.09	3.76	14.52	12.02	7.81	6.18	4.85
Office and store supplies.....	0.79	0.54	0.49	0.55	0.25	0.60	0.59	0.60	0.72
Advertising.....	1.05	1.25	1.27	1.85	0.34	0.74	0.93	1.39	2.08
Net loss on bad debts.....	0.32	0.15	0.18	0.26	—	0.11	0.28	0.27	0.35
All other expenses.....	3.55	3.36	2.16	2.32	2.04	3.25	3.02	2.43	2.23
Total operating expenses.....	14.45	15.86	14.41	18.20	17.15	19.44	16.91	17.47	19.29
Net operating profit.....	10.98	13.08	12.38	8.01	15.33	11.06	11.75	10.27	10.28
Non-trading income.....	1.97	2.22	0.82	0.90	—	0.67	0.22	0.22	0.33
Non-trading expense.....	1.08	0.59	0.25	0.19	—	0.15	0.07	0.10	0.01
Net profit before deduction of proprietors' salaries and income tax.....	11.87	14.71	12.95	8.72	15.33	11.58	11.90	10.39	10.60

TABLE 8. Independent Men's Clothing Stores — Operating Results of Incorporated Stores by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of		Rented stores with annual net sales of		
	Under \$100,000	\$100,000 and over	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting.....	8	11	22	53	95
Average net sales per store.....	\$ 58,277	235,434	36,141	74,806	193,729
Average beginning inventory.....	24,575	63,932	16,047	25,474	51,004
Average inventory, end of year.....	23,679	64,479	15,674	26,363	55,415
Average cost of goods sold.....	\$ 41,934	159,985	25,437	52,052	134,011
Stock turnover (times per year).....	1.74	2.49	1.60	2.01	2.52
Profit and loss data (Per cent of net sales)					
Gross profit	28.04	32.04	29.62	30.42	30.83
Operating expenses:					
Executives' and employees' salaries and wages etc. (except delivery)	15.64	15.69	15.20	14.75	14.60
Delivery.....	0.43	0.22	0.19	0.26	0.24
Occupancy expenses:					
Taxes.....	1.56	1.48	0.69	0.42	0.34
Insurance.....	0.88	0.68	0.74	0.60	0.46
Rent.....	—	—	5.46	4.13	3.22
Heat, light and power.....	1.02	0.70	1.00	0.72	0.60
Repairs and maintenance.....	0.61	0.52	0.35	0.38	0.31
Depreciation allowances.....	0.66	1.43	0.63	0.60	0.65
Total occupancy expenses	4.73	4.81	8.87	6.85	5.58
Office and store supplies.....	0.72	0.84	0.58	0.61	0.58
Advertising.....	1.28	2.32	1.06	1.69	2.30
Net loss on bad debts.....	0.21	0.22	0.12	0.17	0.42
All other expenses.....	2.74	4.68	3.19	2.83	2.76
Total operating expenses	25.75	28.78	29.21	27.16	26.48
Net operating profit	2.29	3.26	0.41	3.26	4.35
Non-trading income.....	0.64	1.12	0.22	0.28	0.43
Non-trading expense.....	—	0.24	0.15	0.15	0.09
Net profit before provision for income tax	2.93	4.14	0.48	3.39	4.69

TABLE 9. Independent Men's Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of						Total all sizes \$20,000 and over	
	\$20,000-\$49,999			\$50,000-\$99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(Average per store)								
Assets								
Current assets:								
Cash on hand and in bank	6,653	3,286	3,979	16,091	13,518	14,376	13,584	10,292
Accounts and notes receivable (net)	1,227	1,447	1,402	1,939	3,244	2,809	12,865	5,350
Merchandise inventory	14,057	12,729	13,002	29,384	25,906	27,065	51,640	29,347
Other current assets	152	5,508	4,405	4,455	2,603	3,220	4,636	4,089
Total current assets	22,089	22,970	22,788	51,869	45,271	47,470	82,725	49,078
Fixed assets (net):								
Used in the business	14,638	7,372	8,868	19,077	7,857	11,598	36,311	18,110
Not used in the business	2,221	3,517	3,250	1,800	1,042	1,294	3,810	2,763
Total fixed assets (net)	16,859	10,889	12,118	20,877	8,899	12,892	40,121	20,893
Other assets:								
Long term investments	2,720	1,480	1,736	349	1,707	1,254	3,523	2,123
Other assets	1,216	182	395	500	—	167	240	273
Total other assets	3,936	1,662	2,131	849	1,707	1,421	3,763	2,396
Total assets	42,884	35,521	37,037	73,596	55,877	61,783	126,609	72,367
Liabilities								
Current liabilities:								
Accounts and notes payable	6,378	7,058	6,918	15,164	9,210	11,195	26,260	14,199
Fixed liabilities:								
Mortgages on fixed assets used in business.....	4,357	1,441	2,041	5,142	1,209	2,520	11,085	4,950
Mortgages on fixed assets not used in business	—	481	382	1,147	—	382	—	286
Total fixed liabilities	4,357	1,922	2,423	6,289	1,209	2,902	11,085	5,216
Other liabilities.....	5,029	1,462	2,197	2,301	1,541	1,794	10,944	4,728
Total liabilities	15,764	10,442	11,538	23,754	11,960	15,891	48,289	24,143
Net worth: Proprietor's or partners' equity in the business.....	27,120	25,079	25,499	49,841	43,917	45,892	78,320	48,224
Total liabilities and net worth	42,884	35,521	37,037	73,596	55,877	61,783	126,609	72,367
Average net sales of stores reporting	32,350	30,829	31,142	80,034	66,824	71,227	169,503	86,323
Number of stores reporting.....	7	27	34	10	20	30	28	92

TABLE 10. Independent Men's Clothing Stores—Rented—Financial Structure of Unincorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank	2,175	2,575	2,371	3,533	6,776	5,268	6,558	12,969	11,526	4,893
Accounts and notes receivable (net)	2,385	1,011	1,710	3,020	4,289	3,699	12,897	12,624	12,686	4,210
Merchandise inventory	12,883	14,093	13,478	25,618	22,098	23,735	43,128	44,193	43,954	22,089
Other current assets	413	1,025	714	382	1,812	1,147	938	2,658	2,271	1,122
Total current assets	17,856	18,704	18,273	32,553	34,975	33,849	63,521	72,444	70,437	32,314
Fixed assets (net):										
Used in the business	1,601	1,082	1,346	2,192	2,332	2,267	5,039	5,699	5,550	2,360
Not used in the business	277	680	475	560	2,880	1,801	778	1,836	1,598	1,126
Total fixed assets (net)	1,878	1,762	1,821	2,752	5,212	4,068	5,817	7,535	7,148	3,486
Other assets:										
Long term investments	36	1,084	551	—	1,272	680	1,186	2,969	2,568	927
Other assets	36	156	95	196	262	231	389	2,297	1,868	434
Total other assets	72	1,240	646	196	1,534	911	1,575	5,266	4,436	1,361
Total assets	19,806	21,706	20,740	35,501	41,721	38,828	70,913	85,245	82,021	37,161
Liabilities										
Current liabilities: Accounts and notes payable	6,203	6,503	6,351	12,289	9,969	11,048	19,651	24,527	23,430	10,806
Fixed liabilities:										
Mortgages on fixed assets used in business	49	—	25	242	49	139	147	—	33	86
Mortgages on fixed assets not used in business	100	189	144	13	141	81	555	116	215	134
Total fixed liabilities	149	189	169	255	190	220	702	116	248	200
Other liabilities	2,760	2,316	2,541	3,218	2,914	3,056	4,723	6,263	5,917	3,276
Total liabilities	9,112	9,008	9,061	15,762	13,073	14,324	25,076	30,906	29,595	14,282
Net worth: Proprietor's or partners' equity in the business	10,694	12,698	11,679	19,739	28,648	24,504	45,837	54,339	52,426	22,879
Total liabilities and net worth	19,806	21,706	20,740	35,501	41,721	38,828	70,913	85,245	82,021	37,161
Average net sales of stores reporting	34,877	35,106	34,990	69,210	69,651	69,446	147,803	159,107	156,563	67,064
Number of stores reporting	60	58	118	40	46	86	9	31	40	244

TABLE 11. Independent Men's Clothing Stores—Owned—Financial Structure of Incorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of		Total all sizes \$20,000 and over
	Under \$100,000	\$100,000 and over	
Assets	(Average per store)		
Current assets:			
Cash on hand and in bank	6,744	9,365	8,346
Accounts and notes receivable (net)	6,593	45,400	30,308
Merchandise inventory	25,915	69,293	52,423
Other current assets	5,740	9,598	8,098
Total current assets	44,992	133,656	99,175
Fixed assets (net):			
Used in the business	10,410	69,782	46,693
Not used in the business	844	5,192	3,501
Total fixed assets (net)	11,254	74,974	50,194
Other assets:			
Long term investments	2,218	21,933	14,266
Other assets	1,434	18,682	11,975
Total other assets	3,652	40,615	26,241
Total assets	59,898	249,245	175,610
Liabilities			
Current liabilities: Accounts and notes payable	9,916	34,342	24,842
Fixed liabilities:			
Mortgages on fixed assets used in business	3,719	22,381	15,124
Mortgages on fixed assets not used in business	—	1,965	1,201
Total fixed liabilities	3,719	24,346	16,325
Other liabilities	4,770	43,481	28,427
Total liabilities	18,405	102,169	69,594
Net worth:			
Capital stock	14,667	80,624	54,974
Surplus and undivided profits	26,826	66,452	81,042
Total net worth	41,493	147,076	106,016
Total liabilities and net worth	59,898	249,245	175,610
Average net sales of stores reporting	64,237	235,434	168,858
Number of stores reporting	7	11	18

TABLE 12. Independent Men's Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank.....	706	3,870	2,363	4,389	5,280	4,766	8,287	12,724	10,364	7,615
Accounts and notes receivable (Net)	1,635	1,564	1,599	5,966	4,066	5,162	19,013	17,232	18,179	12,040
Merchandise inventory	14,880	16,199	15,571	25,772	27,095	26,331	51,257	60,087	55,390	41,335
Other current assets	99	5,550	2,954	1,096	1,229	1,153	2,017	4,807	3,324	2,601
Total current assets	17,320	27,183	22,487	37,223	37,670	37,412	80,574	94,850	87,257	63,591
Fixed assets (net):										
Used in the business	1,483	1,513	1,499	3,294	1,940	2,721	5,506	4,855	5,201	3,964
Not used in the business	—	—	—	760	959	844	1,328	6,132	3,577	2,276
Total fixed assets (net)	1,483	1,513	1,499	4,054	2,899	3,565	6,834	10,987	8,778	6,240
Other assets:										
Long term investments	—	4,101	2,148	1,779	2,234	1,972	7,778	2,302	5,214	3,819
Other assets	491	219	348	2,739	1,752	2,321	8,027	8,430	8,216	5,391
Total other assets	491	4,320	2,496	4,518	3,986	4,293	15,805	10,732	13,430	9,210
Total assets	19,294	33,016	26,482	45,795	44,555	45,270	103,213	116,569	109,465	79,041
Liabilities										
Current liabilities:										
Accounts and notes payable	7,801	9,074	8,468	12,517	12,499	12,509	28,013	29,554	28,734	21,133
Fixed liabilities:										
Mortgages on fixed assets used in business	—	—	—	—	—	—	—	—	—	—
Mortgages on fixed assets not used in business	260	—	124	—	—	—	167	568	355	215
Total fixed liabilities	260	—	124	—	—	—	167	568	355	215
Other liabilities	2,709	10,797	6,946	7,483	3,420	5,764	26,341	13,878	20,508	14,212
Total liabilities	10,770	19,871	15,538	20,000	15,919	18,273	54,521	44,000	49,597	35,560
Net worth:										
Capital stock	8,524	8,321	8,417	16,118	13,815	15,144	24,372	24,639	24,497	19,563
Surplus and undivided profits	—	4,824	2,527	9,677	14,821	11,853	24,320	47,930	35,371	23,918
Total net worth	8,524	13,145	10,944	25,795	28,636	26,997	48,692	72,569	59,868	43,481
Total liabilities and net worth	19,294	33,016	26,482	45,795	44,555	45,270	103,213	116,569	109,465	79,041
Average net sales of stores reporting	34,540	36,831	35,740	75,390	74,127	74,856	193,903	194,714	194,283	137,159
Number of stores reporting	10	11	21	30	22	52	50	44	94	167

INDEPENDENT WOMEN'S CLOTHING STORES

This classification includes only retail stores selling mainly women's ready-to-wear, coats, suits and dresses, with or without accessories. Stores selling piece goods in excess of 50% were excluded as were stores specializing in single lines such as millinery or furs. Separate tabulations were made for unincorporated and incorporated independent stores for both profit and loss items and for balance sheet data. After careful editing, there were 341 reports from unincorporated stores and 112 from incorporated companies used for profit and loss ratios. A slightly smaller number was used in the balance sheet tabulations. Results are shown by sales-size categories and, where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for "total, all sizes", the different sales-size ratios were combined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey, the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large store operation. The use of weighting gives proper importance to small store operations

so that the ratios shown in the summary table below more truly represent the trade total.

The 1956, gross profit, expressed as a percentage of net sales, showed a gain over the 1954 ratio for both unincorporated and incorporated stores. The first group increased from 27.38% in 1954 to 28.29%; incorporated stores improved their gross profit from 31.23% to 31.78% in 1956. Both groups experienced reduced ratios of operating expense with the resulting gain in net profit — unincorporated stores 7.60% in 1954 to 8.73% and incorporated firms from 2.00% to 3.17%.

Inventories were practically the same at the end of the year as at the beginning for unincorporated stores while the incorporated class reported increased stock on hand at the end of the year. The rate of stock turnover increased with sales size, ranging from 1.15 to 5.40 times per year over both types of organization.

The following summaries, tables and charts are self-explanatory and give more complete information on the operating results and financial structure of independent women's clothing stores for 1956.

**TABLE 13. Independent Women's Clothing Stores — Operating Results for
1954 and 1956 compared**

Item	Unincorporated		Incorporated ¹	
	1954	1956	1954	1956
	(per cent of net sales)			
Gross profit	27.38	28.29	31.23	31.78
Operating expenses:				
Employees' salaries	8.09	7.78	16.57	15.85
Occupancy.....	6.44	6.49	7.08	7.02
Office and store supplies	0.66	0.69	0.77	0.83
Advertising.....	1.10	1.05	1.63	1.62
All other expenses.....	3.49	3.55	3.18	3.29
Total operating expenses	19.78	19.56	29.23	28.61
Net operating profit before deduction of income tax ²	7.60	8.73	2.00	3.17

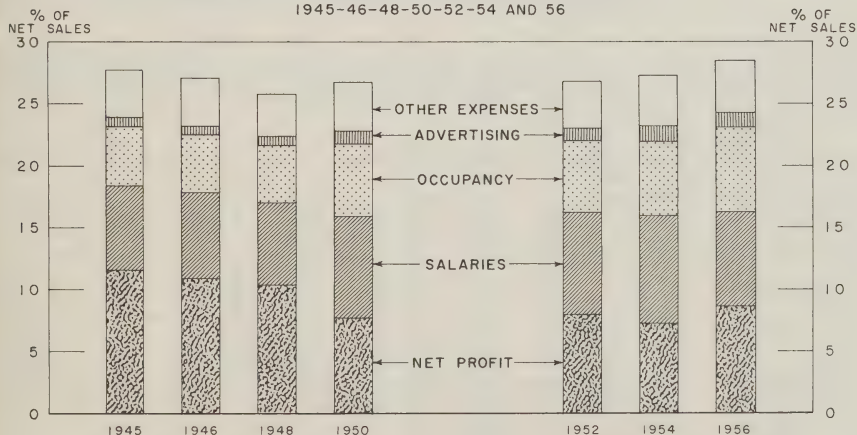
1. Covers only rented stores.

2. Proprietors' salaries included for unincorporated stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores. They do not agree with ratios shown in historical tables.

TABLE 14. Balance Sheet Ratios of Independent Women's Clothing Stores as at December 31

Item		Incorporated	Unincorporated	
		Rented	Owne	Rented
Current ratio	1948	2.61	2.43	2.73
	1950	2.38	2.65	2.19
	1952	2.27	2.73	2.55
	1954	2.32	2.66	2.17
	1956	2.76	2.95	2.71
Liquidity ratio	1952	1.18	1.19	1.07
	1954	1.18	0.99	0.92
	1956	1.46	1.08	1.08
Working capital to net worth ratio	1948	0.80	0.51	0.86
	1950	0.78	0.49	0.79
	1952	0.80	0.51	0.86
	1954	0.74	0.54	0.79
	1956	0.83	0.59	0.91
Worth debt ratio	1948	1.69	1.75	1.75
	1950	1.54	2.17	1.27
	1952	1.45	2.39	1.58
	1954	1.49	1.96	1.18
	1956	1.56	1.69	1.16
Turnover of total capital employed	1952	2.70	1.78	2.76
	1954	2.64	1.67	2.44
	1956	2.45	1.60	2.55

COMPOSITION OF AVERAGE GROSS PROFIT
WOMEN'S CLOTHING STORES, UNINCORPORATED
1945-46-48-50-52-54 AND 56

**COMPOSITION OF AVERAGE GROSS PROFIT
WOMEN'S CLOTHING STORES, INCORPORATED
1945-46-48-50-52-54 AND 56**

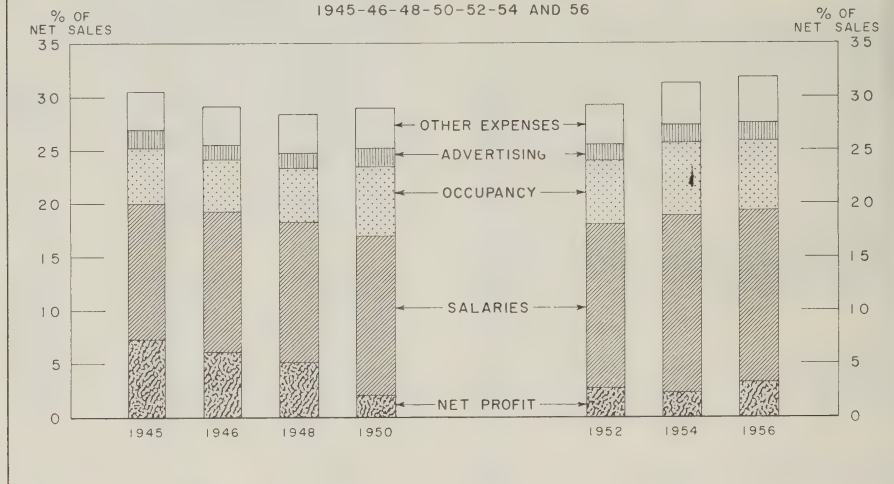


TABLE 15. Independent Women's Clothing Stores—Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				
	Under \$10,000	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	Under \$10,000	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting	8	17	33	28	15	8	37	100	64	31
Average net sales per store	7,885	15,391	31,789	74,097	164,027	6,300	15,612	33,464	73,848	148,361
Average beginning inventory	\$ 4,016	6,521	10,751	18,809	27,935	3,851	5,898	9,900	12,856	21,238
Average inventory, end of year	\$ 4,079	6,418	10,417	18,569	29,913	3,651	6,101	10,124	12,912	22,150
Average cost of goods sold	\$ 5,958	11,140	23,349	54,632	115,255	4,310	11,180	24,099	52,039	105,678
Stock turnover (times per year)	1.47	1.72	2.21	2.92	3.98	1.15	1.86	2.41	4.04	4.87
Profit and loss data (Per cent of net sales)										
Gross profit	24.43	27.62	26.55	26.27	29.73	31.59	28.39	27.98	29.45	28.77
Operating expenses:										
Executives' and employees' salaries and wages	1.14	3.86	5.44	8.38	10.00	1.31	3.14	7.24	9.61	9.95
Delivery	0.15	0.05	0.51	0.49	0.39	0.10	0.05	0.53	0.37	0.35
Occupancy expenses:										
Taxes	1.96	1.36	1.12	0.96	0.66	0.82	0.70	0.38	0.32	0.31
Insurance	0.60	0.99	0.75	0.76	0.65	0.95	0.67	0.59	0.54	0.45
Rent	—	—	—	—	—	10.71	7.00	4.63	3.66	2.78
Heat, light and power	2.11	1.80	1.28	0.88	0.76	1.99	1.34	0.90	0.68	0.56
Repairs and maintenance	0.54	0.73	0.87	0.50	0.44	0.25	0.45	0.49	0.54	0.43
Depreciation allowances	1.82	1.49	1.41	1.32	1.17	0.27	0.54	0.58	0.75	0.76
Total occupancy expenses	7.03	6.37	5.43	4.42	3.68	14.99	10.70	7.55	6.49	5.25
Office and store supplies	0.42	0.82	0.66	0.50	0.74	0.60	0.78	0.69	0.70	0.72
Advertising	0.13	0.97	0.78	1.23	1.60	1.07	0.78	0.93	1.09	1.22
Net loss on bad debts	—	0.27	0.18	0.13	0.08	0.48	0.33	0.08	0.36	0.06
All other expenses	3.25	3.85	2.89	2.66	3.41	2.83	3.20	2.96	2.73	3.04
Total operating expenses	12.12	16.19	15.89	17.81	19.90	21.38	18.98	19.98	21.35	20.71
Net operating profit	12.31	11.43	10.66	8.46	9.83	10.21	9.41	8.00	8.10	8.06
Non-trading income .....	.01	0.75	1.39	4.51	0.31	0.18	0.62	0.20	0.48	0.45
Non-trading expense	—	0.64	0.73	3.94	0.17	—	0.01	0.04	0.14	0.15
Net Profit before deduction of proprietors' salaries and income tax	12.32	11.54	11.32	9.03	9.97	10.39	10.02	8.16	8.44	8.36

TABLE 16. Independent Women's Clothing Stores—Operating Results of Rented Incorporated Stores by Annual Sales Volume, 1956

Item	Rented stores with annual net sales of		
	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over
Number of stores reporting	19	31	62
Average net sales per store	36,122	75,214	226,013
Average beginning inventory	10,209	18,275	27,294
Average inventory, end of year	9,792	18,972	29,615
Average cost of goods sold	24,110	52,272	153,783
Stock turnover (times per year)	2.41	2.81	5.40
Profit and loss data (per cent of net sales)			
Gross profit	33.25	30.50	31.96
Operating expenses:			
Executives' and employees' salaries and wages etc. (except delivery)	14.47	15.68	16.12
Delivery	0.25	0.22	0.32
Occupancy expenses:			
Taxes	0.79	0.69	0.38
Insurance	0.66	0.68	0.38
Rent	6.43	4.88	3.26
Heat light and power	1.02	0.79	0.39
Repairs and maintenance	0.36	0.54	0.42
Depreciation allowances	0.38	1.06	1.07
Total occupancy expenses	9.64	8.64	6.10
Office and store supplies	0.68	0.65	0.91
Advertising	1.51	1.28	1.74
Net loss on bad debts	0.01	0.12	0.33
All other expenses	3.42	2.89	2.60
Total operating expenses	29.98	29.48	28.12
Net operating profit	3.27	1.02	3.84
Non-trading income	0.03	0.28	0.76
Non-trading expense	0.01	0.08	0.25
Net profit before provision for income tax	3.29	1.22	4.35

TABLE 17. Independent Women's Clothing Stores—Owned—Financial Structure of Unincorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(Average per store)								
Assets								
Current assets:								
Cash on hand and in bank	2,374	2,971	2,759	1,676	4,571	3,792	7,621	4,145
Accounts and notes receivable (net)	1,299	1,171	1,216	2,847	4,264	3,883	7,360	3,459
Merchandise inventory	8,126	11,772	10,479	12,098	20,625	18,329	29,913	17,362
Other current assets	624	1,478	1,175	235	2,890	2,175	5,612	2,461
Total current assets	12,423	17,392	15,629	16,856	32,350	28,179	50,506	27,427
Fixed assets (net):								
Used in the business	9,695	6,747	7,793	24,277	19,992	21,146	29,762	17,192
Not used in the business	4,547	1,012	2,266	4,394	1,540	2,308	2,506	1,809
Total fixed assets (net)	14,242	7,759	10,059	28,671	21,532	23,454	29,762	19,001
Other assets:								
Long term investments	2,614	100	992	—	1,836	1,341	1,793	1,283
Other assets	—	—	—	428	313	3,705	3,705	885
Total other assets	2,614	100	992	—	2,264	1,634	5,488	2,168
Total assets	29,279	25,251	26,680	45,527	56,146	53,287	85,756	48,596
Liabilities								
Current liabilities:								
Accounts and notes payable	4,387	4,016	4,147	12,668	7,290	8,738	20,836	9,282
Fixed liabilities:								
Mortgages on fixed assets used in business	2,227	1,641	1,849	10,442	1,915	4,211	6,620	3,696
Mortgages on fixed assets not used in business	727	117	334	1,261	79	397	—	287
Total fixed liabilities	2,954	1,758	2,183	11,703	1,994	4,608	6,620	3,983
Other liabilities	5,134	1,370	2,706	5,152	4,458	4,645	9,512	4,824
Total liabilities	12,475	7,144	9,036	29,523	13,742	17,991	36,968	18,089
Net worth: Proprietor's or partners' equity in the business	16,804	18,107	17,644	16,004	42,404	35,296	48,788	30,507
Total liabilities and net worth	29,279	25,251	26,680	45,527	56,146	53,287	85,756	48,596
Average net sales of stores reporting	31,832	32,650	32,360	75,538	73,887	74,331	164,027	74,947
Number of stores reporting	11	20	31	7	19	26	15	72

TABLE 18. Independent Women's Clothing Stores - Rented - Financial Structure of Unincorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,275	2,469	1,878	3,441	4,027	3,785	4,562	7,928	6,734	3,326
Accounts and notes receivable (net)	1,175	988	1,080	3,291	5,585	4,638	6,618	12,093	10,150	3,783
Merchandise inventory	10,373	10,086	10,229	13,859	12,514	13,069	25,461	20,330	22,151	13,161
Other current assets	289	1,196	748	728	3,444	2,323	2,672	2,581	2,613	1,588
Total current assets	13,112	14,739	13,935	21,319	25,570	23,815	39,313	42,932	41,648	21,858
Fixed assets (net):										
Used in the business	1,414	922	1,165	3,814	3,178	3,441	5,620	5,055	5,256	2,610
Not used in the business	1,103	2,934	2,028	2,655	1,160	1,777	—	4,927	3,178	2,134
Total fixed assets (net)	2,517	3,856	3,193	6,469	4,338	5,218	5,620	9,982	8,434	4,744
Other assets:										
Long term investments	143	1,580	869	462	229	325	—	1,240	800	674
Other assets	467	179	322	1,169	129	558	2,605	3,783	3,365	906
Total other assets	610	1,759	1,191	1,631	358	883	2,605	5,023	4,165	1,580
Total assets	16,239	20,354	18,319	29,419	30,266	29,916	47,538	57,937	54,247	28,182
Liabilities										
Current liabilities: Accounts and notes payable	4,177	4,043	4,110	7,815	9,882	9,029	14,154	20,170	18,035	8,075
Fixed liabilities:										
Mortgages on fixed assets used in business	218	60	138	923	62	417	3,616	111	1,355	434
Mortgages on fixed assets not used in business	249	1,269	764	293	—	121	362	2,150	1,516	672
Total fixed liabilities	467	1,329	902	1,216	62	538	3,978	2,261	2,871	1,106
Other liabilities	2,420	2,574	2,498	2,909	3,306	3,142	6,182	11,138	9,379	3,856
Total liabilities	7,064	7,946	7,510	11,940	13,250	12,709	24,314	33,569	30,285	13,037
Net worth: Proprietor's or partners' equity in the business	9,175	12,408	10,809	17,479	17,016	17,207	23,224	24,368	23,962	15,145
Total liabilities and net worth	16,239	20,354	18,319	29,419	30,266	29,916	47,538	57,937	54,247	28,182
Average net sales of stores reporting	34,447	33,618	34,028	72,390	74,723	73,760	145,871	149,731	148,361	66,368
Number of stores reporting	46	47	93	26	37	63	11	20	31	187

TABLE 19. Independent Women's Clothing Stores - Rented - Financial Structure of Incorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank	2,186	5,417	3,547	2,371	4,482	3,664	8,861	18,023	14,329	9,548
Accounts and notes receivable (net).....	1,442	1,255	1,363	3,181	7,380	5,754	13,241	19,938	17,238	11,366
Merchandise inventory	11,703	7,165	9,792	19,723	18,498	18,972	23,897	33,478	29,615	23,306
Other current assets	215	859	486	525	653	604	4,566	11,535	8,725	5,079
Total current assets	15,546	14,696	15,188	25,800	31,013	28,994	50,565	82,974	69,907	49,290
Fixed assets (net):										
Used in the business	1,810	1,912	1,853	3,896	2,908	3,291	8,613	11,518	10,347	6,953
Not used in the business	22	—	13	500	—	193	28	—	11	62
Total fixed assets (net)	1,832	1,912	1,866	4,396	2,908	3,484	8,641	11,518	10,358	7,015
Other assets:										
Long term investments	—	—	—	35	1,531	952	1,457	3,733	2,815	1,822
Other assets	2,422	3,265	2,777	1,110	3,014	2,277	5,571	4,777	5,097	3,923
Total other assets	2,422	3,265	2,777	1,145	4,545	3,229	7,028	8,510	7,912	5,745
Total assets	19,800	19,873	19,831	31,341	38,466	35,707	66,234	103,002	88,177	62,059
Liabilities										
Current liabilities: Accounts and notes payable	5,523	3,894	4,837	13,014	7,247	9,479	22,642	28,242	25,985	17,829
Fixed liabilities:										
Mortgages on fixed assets used in business	—	—	—	114	461	327	—	—	—	90
Mortgages on fixed assets not used in business	—	—	—	—	—	—	—	—	—	—
Total fixed liabilities	—	—	—	114	461	327	—	—	—	90
Other liabilities	5,050	1,759	3,665	6,871	3,822	5,002	9,605	6,563	7,789	6,318
Total liabilities	10,573	5,653	8,502	19,999	11,530	14,808	32,247	34,805	33,774	24,237
Net worth:										
Capital stock	5,049	9,542	6,941	6,885	13,667	11,041	16,275	20,265	18,656	14,561
Surplus and undivided profits	4,178	4,678	4,388	4,457	13,269	9,858	17,712	47,932	35,747	23,261
Total net worth	9,227	14,220	11,329	11,342	26,936	20,899	33,987	68,197	54,403	37,822
Total liabilities and net worth	19,800	19,873	19,831	31,341	38,466	35,707	66,234	103,002	88,177	62,059
Average net sales of stores reporting	35,241	37,333	36,122	74,006	75,977	75,214	200,359	243,346	226,013	152,060
Number of stores reporting	11	8	19	12	19	31	25	37	62	112

INDEPENDENT FAMILY CLOTHING STORES

Stores in this group sell mainly men's, women's and children's clothing and furnishings. Other items may include piece goods, notions, house furnishings and footwear. Only independent firms of unincorporated and incorporated forms of organization are covered. In the tabulation of profit and loss data there were 241 returns used in the unincorporated class and 87 in the incorporated group. A slightly smaller number was properly completed for balance sheet information, 199 and 86 respectively. Balance sheet compilations are made only for stores with annual net sales of \$20,000 and over. Tabulations were made in a sales-size basis and, where possible, a further breakdown for balance sheet averages by number of years in business.

In compiling trade ratios for "total, all sizes", the different sales-size ratios were combined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large store operation. The use of weighting gives proper importance to small store operations so that the ratios shown in the summary table below more truly represent the trade total.

In 1956, unincorporated stores increased their ratio of gross profit from 25.88% of net sales to 26.54%. Operating expenses increased, but at a slower rate, from 17.22% to 17.52%, with the result that net operating profit showed a favourable change, rising from 8.66% in 1954 to 9.02% in 1956. There was little change in the over-all profit and expense ratios of incorporated stores in this kind of business. Gross profit increased moderately, operating expenses, as percentages of net sales declined to a slight extent, and the resulting net operating profit rose from 2.33% in 1954 to 3.27%.

General increases were evident in year-end inventories compared to merchandise on hand at the beginning of the year. This held true for most categories in both the unincorporated and incorporated type of organization. The rate of stock turnover increased consistently with size of annual sales for owned and rented stores in both classes of family clothing stores, ranging from 1.17 times per year to 3.18 times.

Balance sheet ratios are shown historically, affording valuable comparisons. The following tables, charts and summaries give more detail and information on the operating results and financial structure of independent family clothing stores in 1956.

TABLE 20. Independent Family Clothing Stores—Operating Results for 1954 and 1956 compared

Item	Unincorporated		Incorporated	
	1954	1956	1954	1956
(Per cent of net sales)				
Gross profit	25.88	26.54	29.45	30.32
Operating expenses:				
Employees' salaries	7.27	7.14	15.73	15.71
Occupancy	5.38	5.50	4.97	4.78
Office and store supplies	0.55	0.55	0.89	0.81
Advertising	1.17	1.27	2.46	2.56
All other expenses	2.85	3.06	3.07	3.19
Total operating expenses	17.22	17.52	27.12	27.05
Net operating profit before deduction of income tax ¹	8.66	9.02	2.33	3.27

1. Proprietors' salaries included for unincorporated stores.

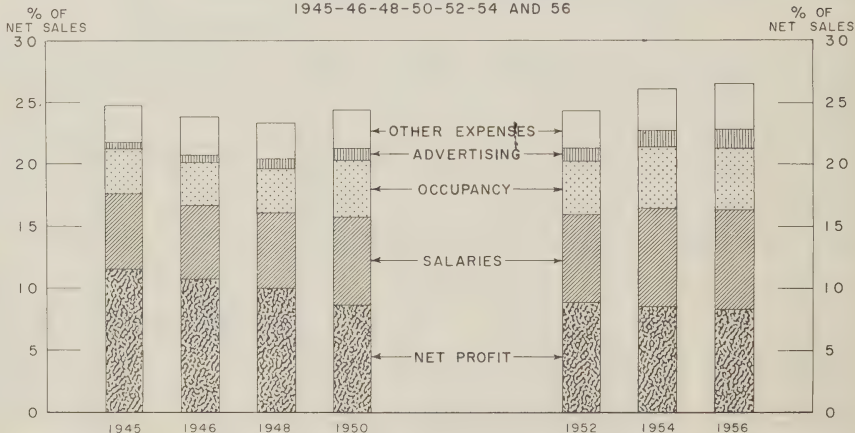
Note. These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores. They do not agree with ratios shown in historical tables.

TABLE 21. Independent Family Clothing Stores — Balance Sheet Ratios as at December 31

Item		Incorporated		Unincorporated	
		Owned	Rented	Owned	Rented
Current ratio	1948	—	—	2.95	2.79
	1950	—	2.82	3.12	2.75
	1952	—	2.54	3.91	2.98
	1954	3.62	2.73	3.82	3.22
	1956	4.29	2.82	4.32	2.82
Liquidity ratio	1952	—	1.32	1.29	1.03
	1954	1.40	1.12	1.46	0.94
	1956	1.48	1.18	1.47	1.18
Working capital to net worth ratio	1948	—	—	0.67	0.90
	1950	—	0.89	0.70	0.91
	1952	—	0.86	0.73	0.87
	1954	0.75	0.95	0.64	0.91
	1956	0.79	0.98	0.66	0.98
Worth debt ratio	1948	—	—	2.13	1.73
	1950	—	1.75	2.00	1.54
	1952	—	1.59	2.84	1.86
	1954	2.24	1.32	3.06	1.83
	1956	1.79	1.33	2.99	1.33
Turnover of total capital employed	1952	—	1.85	1.42	1.92
	1954	1.58	1.85	1.28	1.91
	1956	1.51	2.02	1.32	1.83

COMPOSITION OF AVERAGE GROSS PROFIT
FAMILY CLOTHING STORES, UNINCORPORATED

1945-46-48-50-52-54 AND 56



**COMPOSITION OF AVERAGE GROSS PROFIT
FAMILY CLOTHING STORES, INCORPORATED
1945-46-48-50-52-54 AND 56**

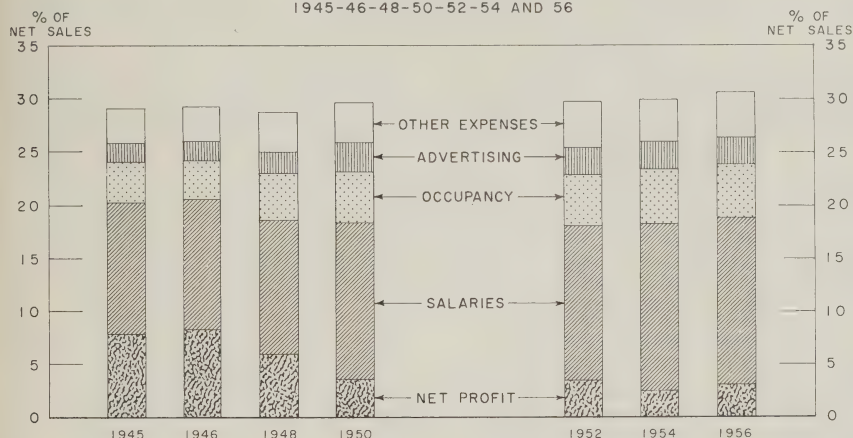


TABLE 22. Independent Family Clothing Stores—Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting	17	38	42	18	13	39	42	24
Average net sales per store	15,547	36,098	70,599	227,552	15,143	33,947	66,008	213,026
Average beginning inventory	\$ 9,553	\$ 18,863	\$ 26,460	\$ 61,138	\$ 7,427	\$ 15,019	\$ 24,946	\$ 56,989
Average inventory, end of year	\$ 9,623	\$ 18,459	\$ 27,241	\$ 61,319	\$ 7,483	\$ 15,462	\$ 25,180	\$ 58,462
Average cost of goods sold	\$ 11,234	\$ 26,932	\$ 52,983	\$ 168,578	\$ 10,975	\$ 24,891	\$ 48,432	\$ 153,336
Stock turnover (times per year)	1.17	1.44	1.97	2.75	1.47	1.63	1.93	2.66
Profit and loss data (per cent of net sales)								
Gross profit	27.74	25.38	24.95	25.92	27.52	26.68	26.62	28.02
Operating expenses:								
Executives' and employees' salaries and wages etc. (except delivery)	4.39	5.72	6.54	9.00	1.82	5.22	7.32	10.16
Delivery	0.53	0.29	0.13	0.22	0.27	0.43	0.36	0.23
Occupancy expenses:								
Taxes	2.21	1.07	0.78	0.69	0.59	0.66	0.39	0.37
Insurance	1.45	1.03	0.75	0.56	0.77	0.76	0.61	0.61
Rent	—	—	—	—	5.53	3.86	3.00	2.51
Heat, light and power	2.08	1.28	0.84	0.74	1.00	0.90	0.61	0.61
Repairs and maintenance	1.17	0.86	0.69	0.41	0.33	0.50	0.39	0.38
Depreciation allowances	1.66	1.16	1.08	0.97	0.38	0.48	0.67	0.69
Total occupancy expenses	8.57	5.38	4.14	3.37	8.60	7.13	5.82	5.17
Office and store supplies	0.68	0.52	0.41	0.46	0.69	0.51	0.52	0.69
Advertising	0.45	0.74	1.04	1.17	0.10	0.69	1.16	2.84
Net loss on bad debts	0.12	0.16	0.09	0.40	0.03	0.20	0.21	0.94
All other expenses	2.47	2.21	2.70	2.10	1.79	2.37	2.91	2.49
Total operating expenses	17.21	15.02	15.05	16.72	13.30	16.55	18.30	22.52
Net operating profit	10.53	10.36	9.90	9.26	14.22	10.13	8.32	5.50
Non-trading income	2.24	0.59	0.81	0.77	1.12	0.17	0.27	1.17
Non-trading expense	0.55	0.03	0.11	0.27	—	0.05	0.03	0.48
Net profit before deduction of proprietors' salaries and income tax	12.22	10.92	10.60	9.70	15.34	10.25	8.56	6.19

TABLE 23. Independent Family Clothing Stores—Operating Results of Incorporated Stores by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of		Rented stores with annual net sales of			
	Under \$100,000	\$100,000 and over	\$20,000-\$99,999	\$100,000-\$199,999	\$200,000-\$399,999	\$400,000 and over
Number of stores reporting	8	14	15	14	20	16
Average net sales per store	65,223	301,162	51,096	130,942	299,012	700,747
Average beginning inventory	27,964	75,614	29,325	42,709	68,603	144,673
Average inventory, end of year	27,169	82,304	30,115	43,626	73,870	155,086
Average cost of goods sold	47,052	210,087	37,175	93,213	211,159	476,810
Stock turnover (times per year)	1.71	2.66	1.25	2.16	2.96	3.18
Profit and loss data (Per cent of net sales)						
Gross profit	27.86	30.24	27.24	28.81	29.38	31.95
Operating expenses:						
Executives' & employees' salaries and wages etc. (except delivery)	17.13	15.85	14.22	14.58	15.25	16.18
Delivery	0.21	0.22	0.38	0.28	0.19	0.29
Occupancy expenses:						
Taxes	1.40	0.79	0.64	0.54	0.36	0.36
Insurance	1.20	0.51	1.04	0.62	0.39	0.41
Rent	1.07	0.61	3.40	2.92	2.01	2.25
Heat, light and power	0.43	0.88	1.22	0.55	0.54	0.52
Repairs and maintenance	1.58	1.02	0.72	0.71	0.68	0.71
Depreciation allowances	5.68	3.81	7.33	5.68	4.72	5.29
Total occupancy expenses	0.48	0.68	0.44	0.58	0.86	1.08
Office and store supplies	0.94	2.64	1.06	0.94	2.42	3.22
Advertising	0.08	0.12	0.46	0.40	0.38	0.55
Net loss on bad debts	2.85	2.80	2.12	3.05	2.19	2.60
All other expenses	27.37	26.12	26.01	25.51	26.01	29.21
Total operating expenses	0.49	4.12	1.23	3.30	3.37	2.74
Net operating profit	0.88	0.66	0.25	0.17	0.49	0.78
Non-trading income	—	0.14	0.01	0.10	0.11	0.24
Net profit before provision for income tax	1.37	4.64	1.47	3.37	3.75	3.28

TABLE 24. Independent Family Clothing Stores—Owned—Financial Structure of Unincorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(Average per store)								
Assets								
Current assets:								
Cash on hand and in bank	1,568	5,022	4,113	2,866	7,681	6,507	12,511	6,684
Accounts and notes receivable (net)	1,758	1,464	1,541	2,195	6,121	5,163	16,951	5,932
Merchandise inventory	21,829	17,298	18,490	24,049	27,509	26,665	61,319	29,893
Other current assets	10	2,061	1,521	4,046	3,074	3,311	4,327	2,798
Total current assets	25,165	25,845	25,665	33,156	44,385	41,646	95,108	45,307
Fixed assets (net):								
Used in the business	8,491	5,131	6,015	25,330	10,626	14,212	30,376	14,000
Not used in the business	1,149	3,632	2,979	784	3,689	2,981	15,021	5,214
Total fixed assets (net)	9,640	8,763	8,994	26,114	14,315	17,193	45,397	19,214
Other assets:								
Long term investments	—	—	—	954	4,099	3,332	22,168	5,522
Other assets	120	253	218	—	367	278	89	219
Total other assets	120	253	218	954	4,466	3,610	22,257	5,741
Total assets	34,925	34,861	34,877	60,224	63,166	62,449	162,762	70,262
Liabilities								
Current liabilities:								
Accounts and notes payable	6,723	4,216	4,876	14,354	10,892	11,737	25,025	10,483
Fixed liabilities:								
Mortgages on fixed assets used in business	1,191	979	1,035	4,739	2,265	2,869	4,195	2,396
Mortgages on fixed assets not used in business	—	1,212	893	—	581	439	1,606	834
Total fixed liabilities	1,191	2,191	1,928	4,739	2,846	3,308	5,801	3,230
Other liabilities	1,581	1,177	1,282	4,082	2,661	3,007	5,363	3,911
Total liabilities	9,495	7,584	8,086	23,175	16,399	18,052	36,789	17,624
Net worth: Proprietor's or partners' equity in the business	25,430	27,277	26,791	37,049	46,767	44,397	125,973	52,638
Total liabilities and net worth	34,925	34,861	34,877	60,224	63,166	62,449	162,762	70,262
Average net sales of stores reporting	33,944	36,868	36,098	68,212	71,266	70,521	227,552	86,176
Number of stores reporting	10	28	38	10	31	41	18	9

TABLE 25. Independent Family Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of business as at December 31, 1956

Stores with annual net sales of											Total all sizes \$20,000 and over
Item	\$20,000—\$49,999			\$50,000—\$99,999			\$100,000 and over				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
	(Average per store)										
Assets											
Current assets:											
Cash on hand and in bank	832	1,701	1,396	1,999	4,551	3,990	3,516	12,873	8,584	4,130	
Accounts and notes receivable (net)	1,640	2,758	2,365	681	2,718	2,271	21,888	36,267	29,677	8,754	
Merchandise inventory	12,582	17,033	15,469	27,282	24,430	25,056	46,069	68,948	58,462	29,438	
Other current assets	684	910	831	689	3,466	2,856	629	3,616	2,247	1,978	
Total current assets	15,738	22,402	20,061	30,651	35,165	34,173	72,102	121,704	98,970	44,300	
Fixed assets (net):											
Used in the business	1,780	1,296	1,466	1,958	2,746	2,574	9,014	9,015	9,014	3,687	
Not used in the business	1,036	4,700	3,413	618	3,182	2,619	385	94	228	2,345	
Total fixed assets (net)	2,816	5,996	4,879	2,576	5,928	5,193	9,399	9,109	9,242	6,032	
Other assets:											
Long term investments	771	86	326	67	410	335	2,688	682	1,602	630	
Other assets	—	131	86	1,561	133	446	1,195	2,322	1,805	635	
Total other assets	771	217	412	1,628	543	781	3,883	3,004	3,407	1,265	
Total assets	19,325	28,615	25,352	34,855	41,636	40,147	85,384	133,817	111,619	51,597	
Liabilities											
Current liabilities:											
Accounts and notes payable	5,195	5,343	5,291	13,934	10,183	11,006	24,257	29,747	27,231	12,751	
Fixed liabilities:											
Mortgages on fixed assets used in business	—	289	187	—	—	—	—	—	—	68	
Mortgages on fixed assets not used in business	519	783	691	157	2,246	1,788	—	—	—	969	
Total fixed liabilities	519	1,072	878	157	2,246	1,788	—	—	—	1,037	
Other liabilities	3,458	3,624	3,566	8,881	3,733	4,863	23,723	10,098	16,343	7,093	
Total liabilities	9,172	10,639	9,735	22,972	16,162	17,657	47,980	39,845	43,574	20,881	
Net worth:											
Proprietor's or partners' equity in the business.....	10,153	18,576	15,617	11,883	25,474	22,490	37,404	93,972	68,045	30,716	
Total liabilities and net worth	19,325	28,615	25,352	34,855	41,636	40,147	85,384	133,817	111,619	51,597	
Average net sales of stores reporting	34,172	34,868	34,623	61,566	67,519	66,212	155,959	261,313	213,026	89,863	
Number of stores reporting	13	24	37	9	32	41	11	13	24	102	

TABLE 26. Independent Family Clothing Stores — Owned — Financial Structure of Incorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of		Total all sizes \$20,000 and over
	Under \$100,000	\$100,000 and over	
Assets	(Average per store)		
Current assets:			
Cash on hand and in bank	1,268	16,856	11,188
Accounts and notes receivable (net)	7,138	28,151	20,510
Merchandise inventory	27,169	82,306	62,255
Other current assets	2,153	759	1,266
Total current assets	37,728	128,072	95,219
Fixed assets (net):			
Used in the business	22,010	49,446	39,469
Not used in the business	—	796	507
Total fixed assets (net)	22,010	50,242	39,976
Other assets:			
Long term investments	1,243	6,760	4,754
Other assets	62	5,331	3,415
Total other assets	1,305	12,091	8,169
Total assets	61,043	190,405	143,364
Liabilities			
Current liabilities:			
Accounts and notes payable	12,492	27,734	22,191
Fixed liabilities:			
Mortgages on fixed assets used in business	2,188	13,316	9,269
Mortgages on fixed assets not used in business	—	—	—
Total fixed liabilities	2,188	13,316	9,269
Other liabilities	9,566	25,918	19,972
Total liabilities	24,246	66,968	51,432
Net worth:			
Capital stock	23,626	60,123	46,852
Surplus and undivided profits	13,171	63,314	45,080
Total net worth	36,797	123,437	91,932
Total liabilities and net worth	61,043	190,405	143,364
Average net sales of stores reporting	65,223	301,162	215,366
Number of stores reporting	8	14	22

TABLE 27. Independent Family Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of				Total all sizes \$20,000 and over
	\$20,000- \$99,999	\$100,000- \$199,999	\$200,000- \$399,999	\$400,000 and over	
	(Average per store)				
Assets					
Current assets:					
Cash on hand and in bank.....	2,521	5,852	12,660	7,323	7,460
Accounts and notes receivable (net)	4,881	9,580	29,856	121,507	42,480
Merchandise inventory	30,115	43,626	72,233	156,189	77,093
Other current assets	1,527	1,485	5,788	13,042	5,662
Total current assets	39,044	60,544	120,537	298,061	132,695
Fixed assets (net):					
Used in the business	1,329	3,852	9,380	34,876	12,658
Not used in the business	417	1,785	268	3,600	1,468
Total fixed assets (net)	1,746	5,637	9,648	38,476	14,126
Other assets:					
Long term investments	616	767	5,938	2,021	2,580
Other assets	1,617	3,966	4,149	3,098	3,253
Total other assets	2,233	4,733	10,087	5,119	5,833
Total assets	43,023	70,914	140,272	341,656	152,654
Liabilities					
Current liabilities:					
Accounts and notes payable	7,059	27,774	41,285	108,200	47,037
Fixed liabilities:					
Mortgages on fixed assets used in business	79	643	110	2,812	895
Mortgages on fixed assets not used in business	—	—	—	750	187
Total fixed liabilities	79	643	110	3,562	1,082
Other liabilities	13,474	8,993	20,312	25,340	17,491
Total liabilities	20,612	37,410	61,707	137,102	65,610
Net worth:					
Capital stock	15,074	18,746	35,469	63,485	34,035
Surplus and undivided profits	7,337	14,758	43,096	141,069	53,009
Total net worth	22,411	33,504	78,565	204,554	87,044
Total liabilities and net worth	43,023	70,914	140,272	341,656	152,654
Average net sales of stores reporting	51,096	130,942	301,488	700,747	305,310
Number of stores reporting	15	14	19	16	64

INDEPENDENT FAMILY SHOE STORES

This classification includes stores selling mainly men's, women's and children's shoes, although other goods such as hosiery, gloves, handbags and luggage may be carried in small amounts. Specialty stores selling only men's or women's shoes are not included in this report. Separate tabulations were made for unincorporated stores and incorporated firms for both profit and loss and balance sheet data. There were 294 returns from unincorporated stores used in compiling the results, covering both "rented" and "owned" classes, and 72 properly completed reports from incorporated companies. A slightly smaller number was used in the balance sheet tabulations. Results are shown by sales-size categories, and where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for "total, all sizes", the different sales-size ratios were combined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey, the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics

of large store operation. The use of weighting gives proper importance to small store operations so that the ratios shown in the summary table below more truly represent the trade total.

In 1956, the average gross profit, expressed as a percentage of net sales, increased for both forms of organization. The unincorporated stores showed a gain from 27.77% in 1954 to 29.43%; incorporated stores improved their gross profit position from 31.49% to 33.49%. In both cases operating expenses also increased but at a smaller rate than gross profit with the result that net operating profit rose from 10.22% of net sales to 11.25% for unincorporated stores and from 2.49% to 3.09% for the incorporated class.

Year-end inventories were slightly higher than at the beginning of the year. The rate of stock turnover increased with sales sizes and ranged from 1.12 to 2.37 times per year. The following summaries, tables and charts give more detail on the operating results and financial structure of independent shoe stores in 1956.

**TABLE 28. Independent Family Shoe Stores — Operating Results for
1954 and 1956 compared**

Item	Unincorporated		Incorporated ¹	
	1954	1956	1954	1956
	(per cent of net sales)			
Gross profit	27.77	29.43	31.49	33.49
Operating expenses:				
Employees' salaries	7.74	7.46	16.98	18.13
Occupancy	5.76	6.42	6.54	6.55
Office and store supplies	0.47	0.53	0.59	0.56
Advertising	1.10	1.31	1.99	2.16
All other expenses	2.48	2.46	2.90	3.00
Total operating expenses	17.55	18.18	29.00	30.40
Net operating profit before deduction of income tax²	10.22	11.25	2.49	3.09

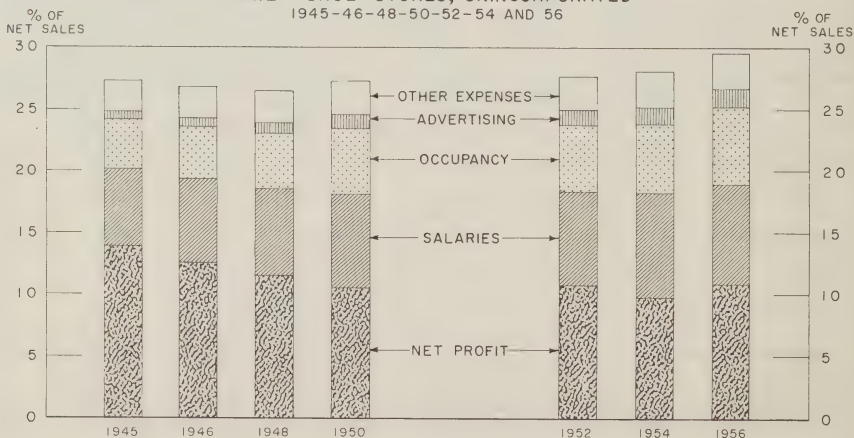
1. Covers only rented stores.

2. Proprietors' salaries included for unincorporated stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores. They do not agree with ratios shown in historical tables.

TABLE 29. Independent Family Shoe Stores - Balance Sheet Ratios as at December 31

Item		Incorporated	Unincorporated	
		Rented	Owned	Rented
Current ratio	1948	4.88	3.25	3.00
	1950	2.59	3.02	2.81
	1952	2.62	3.88	3.21
	1954	2.40	3.41	3.39
	1956	3.20	3.60	3.53
Liquidity ratio	1952	0.55	0.92	0.75
	1954	0.45	0.80	0.63
	1956	0.61	0.70	0.65
Working capital to net worth ratio	1948	0.88	0.66	0.88
	1950	0.88	0.69	0.91
	1952	0.77	0.69	0.91
	1954	0.74	0.66	0.94
	1956	0.98	0.66	0.98
Worth debt ratio	1948	3.57	2.86	2.04
	1950	1.43	1.92	1.79
	1952	2.01	2.45	2.10
	1954	1.64	1.98	2.09
	1956	1.35	2.28	1.82
Turnover of total capital employed	1952	1.89	1.36	1.93
	1954	1.85	1.14	2.04
	1956	1.83	1.23	2.04

COMPOSITION OF AVERAGE GROSS PROFIT
FAMILY SHOE STORES, UNINCORPORATED
1945-46-48-50-52-54 AND 56

**COMPOSITION OF AVERAGE GROSS PROFIT
FAMILY SHOE STORES, INCORPORATED**

1945-46-48-50-52-54 AND 56

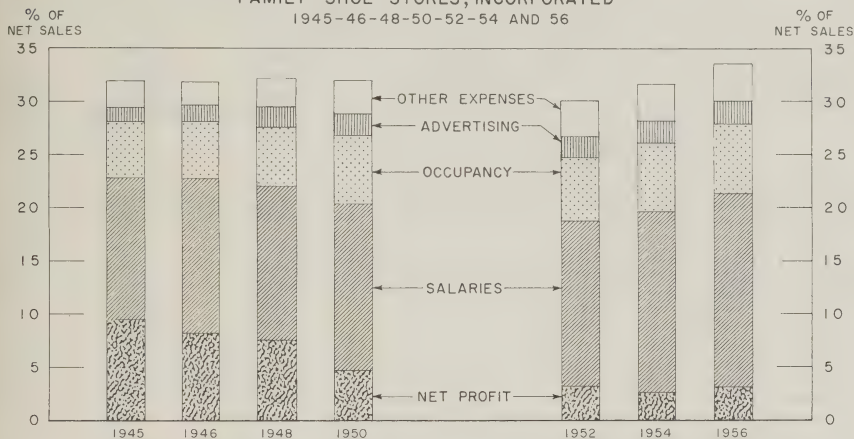


TABLE 30. Independent Family Shoe Stores—Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting	16	42	22	9	19	79	69	32
Average net sales per store	14,623	32,869	70,115	153,765	14,739	34,019	71,110	142,228
Average beginning inventory	6,664	15,840	28,120	58,021	9,338	14,942	27,190	41,567
Average inventory, end of year	6,505	16,492	29,193	57,993	9,309	14,829	27,563	42,269
Average cost of goods sold	10,764	24,115	49,481	104,342	10,422	23,879	50,265	99,373
Stock turnover (times per year)	1.63	1.49	1.73	1.80	1.12	1.60	1.84	2.37
Profit and loss data (Per cent of net sales)								
Gross profit	26.39	26.63	29.43	32.14	29.28	29.81	29.31	30.13
Operating expenses:								
Executives' and employees' salaries and wages etc. (except delivery)	2.80	5.16	7.59	11.70	2.84	6.16	8.05	10.13
Delivery	0.37	0.20	0.19	0.06	0.52	0.23	0.35	0.26
Occupancy expenses:								
Taxes	1.62	1.08	0.92	0.86	0.94	0.54	0.38	0.41
Insurance	1.16	0.75	0.61	0.75	0.93	0.70	0.57	0.42
Rent	—	—	—	—	6.33	5.28	4.15	3.86
Heat, light and power	2.04	1.18	0.76	0.73	1.31	0.75	0.58	0.55
Repairs and maintenance	1.32	0.73	0.57	0.78	0.44	0.61	0.37	0.34
Depreciation allowances	1.94	0.97	1.03	1.07	0.26	0.52	0.49	0.58
Total occupancy expenses	8.08	4.71	3.89	4.19	10.21	8.40	6.54	6.16
Office and store supplies	0.35	0.57	0.47	0.60	1.08	0.46	0.62	0.38
Advertising	0.75	1.04	1.26	1.67	0.85	1.03	1.38	1.91
Net loss on bad debts	0.24	0.10	0.09	0.02	0.15	0.06	0.04	0.09
All other expenses	2.46	2.54	2.12	2.35	2.34	2.13	1.86	1.94
Total operating expenses	15.05	14.32	15.61	20.59	17.99	18.47	18.84	20.87
Net operating profit	11.34	12.31	13.82	11.55	11.29	11.34	10.47	9.26
Non-trading income	4.71	1.51	0.73	0.30	0.37	0.11	0.06	0.08
Non-trading expense	2.43	0.36	0.20	0.02	—	0.02	0.11	0.06
Net profit before deduction of proprietors' salaries and income tax	13.62	13.46	14.35	11.83	11.66	11.43	10.42	9.28

TABLE 31. Independent Family Shoe Stores — Operating Results of Rented Incorporated Stores by Annual Sales Volume, 1956

Item	Rented stores with annual net sales of		
	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over
Number of stores reporting	15	28	29
Average net sales per store	41,026	77,042	182,768
Average beginning inventory	20,155	29,641	61,490
Average inventory, end of year	19,374	29,565	64,073
Average cost of goods sold	28,348	51,278	120,709
Stock turnover (times per year)	1.43	1.73	1.92
Profit and loss data (Per cent of net sales)			
Gross profit	30.90	33.44	33.95
Operating expenses:			
Executives' and employees' salaries and wages etc. (except delivery)	17.38	18.03	18.30
Delivery	0.18	0.29	0.22
Occupancy expenses:			
Taxes	0.62	0.40	0.41
Insurance	0.75	0.49	0.55
Rent	5.00	4.53	3.61
Heat, light and power	0.93	0.71	0.52
Repairs and maintenance	0.43	0.46	0.26
Depreciation allowances	0.46	0.59	0.64
Total occupancy expenses	8.19	7.18	5.99
Office and store supplies	0.54	0.53	0.57
Advertising	1.68	1.60	2.50
Net loss on bad debts	0.03	0.04	0.10
All other expenses	2.97	2.14	2.90
Total operating expenses	30.97	29.81	30.58
Net operating profit	0.07 ¹	3.63	3.37
Non-trading income	—	0.12	0.15
Non-trading expense	—	0.11	0.03
Net profit before provision for income tax	0.07 ¹	3.64	3.49

1. Net operating loss.

TABLE 32. Independent Family Shoe Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of					Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000- \$99,999	\$100,000 and over	
	Under 10 years	10 years and over	Total			
	(Average per store)					
Assets						
Current assets:						
Cash on hand and in bank	1,801	2,930	2,534	4,012	4,203	3,204
Accounts and notes receivable (net)	211	837	618	1,187	2,856	1,078
Merchandise inventory	17,260	16,283	16,625	29,193	57,993	25,763
Other current assets	421	621	551	2,302	7,461	1,970
Total current assets	19,693	20,671	20,328	36,694	72,513	32,015
Fixed assets (net):						
Used in the business	9,086	10,328	9,893	10,489	36,998	13,514
Not used in the business	1,256	1,971	1,721	1,016	5,287	1,954
Total fixed assets (net)	10,342	12,299	11,614	11,505	42,285	15,468
Other assets:						
Long term investments	214	1,629	1,134	1,827	4,898	1,826
Other assets	—	3,514	2,284	464	—	1,430
Total other assets	214	5,143	3,418	2,291	4,898	3,256
Total assets	30,249	38,113	35,360	50,490	119,696	50,739
Liabilities						
Current liabilities:						
Accounts and notes payable	5,662	3,980	4,568	9,636	26,262	8,888
Fixed liabilities:						
Mortgages on fixed assets used in business	3,092	2,187	2,503	2,446	13,712	3,907
Mortgages on fixed assets not used in business	—	530	345	—	1,100	333
Total fixed liabilities	3,092	2,717	2,848	2,446	14,812	4,240
Other liabilities	2,858	1,168	1,760	1,341	7,321	2,335
Total liabilities	11,612	7,865	9,176	13,423	48,395	15,463
Net worth: Proprietor's or partners' equity in the business	18,637	30,248	26,184	37,067	71,301	35,276
Total liabilities and net worth	30,249	38,113	35,360	50,490	119,696	50,739
Average net sales of stores reporting	34,295	32,965	33,431	70,115	153,765	60,051
Number of stores reporting	14	26	40	22	9	71

TABLE 33. Independent Family Shoe Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,586	1,960	1,783	3,221	2,848	2,973	8,207	10,438	9,359	3,563
Accounts and notes receivable (net)	288	500	398	688	751	730	2,325	1,828	2,068	818
Merchandise inventory	14,220	15,380	14,830	27,386	27,652	27,563	49,352	36,392	42,663	24,613
Other current assets	302	981	659	1,018	1,241	1,197	1,713	3,195	2,478	1,173
Total current assets	16,394	18,821	17,670	32,313	32,492	32,433	61,597	51,853	56,568	30,167
Fixed assets (net):										
Used in the business	2,333	712	1,481	1,980	1,650	1,760	3,780	3,263	3,513	1,943
Not used in the business	396	1,856	1,164	—	717	478	3,345	1,938	2,619	1,152
Total fixed assets (net)	2,729	2,568	2,645	1,980	2,367	2,238	7,125	5,201	6,132	3,095
Other assets:										
Long term investments	576	181	368	—	633	422	3,549	627	2,041	680
Other assets	319	30	167	537	240	339	176	591	390	272
Total other assets	895	211	535	537	873	761	3,725	1,218	2,431	952
Total assets	20,018	21,600	20,850	34,830	35,732	35,432	72,447	58,272	65,131	34,214
Liabilities										
Current liabilities: Accounts and notes payable	4,995	3,763	4,347	9,547	8,668	8,961	21,588	15,072	18,225	8,553
Fixed liabilities:										
Mortgages on fixed assets used in business	135	—	64	—	—	—	—	—	—	28
Mortgages on fixed assets not used in business	85	629	372	—	—	—	1,394	—	675	280
Total fixed liabilities	221	629	436	—	—	—	1,394	—	675	308
Other liabilities	3,068	1,319	2,149	5,552	2,541	3,545	10,207	1,066	5,488	3,272
Total liabilities	8,284	5,711	6,932	15,099	11,209	12,506	33,189	16,138	24,388	12,133
Net worth: Proprietor's or partners' equity in the business	11,734	15,889	13,918	19,731	24,523	22,926	39,258	42,134	40,743	22,081
Total liabilities and net worth	20,018	21,600	20,850	34,830	35,732	35,432	72,447	58,272	65,131	34,214
Average net sales of stores reporting	34,600	33,618	34,084	71,705	70,855	71,110	149,092	137,052	142,876	67,395
Number of stores reporting	37	41	78	23	46	69	15	16	31	175

TABLE 34. Independent Family Shoe Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000 - \$99,999		Total	\$100,000 and over		Total	
		Under 10 years	10 years and over		Under 10 years	10 years and over		
(Average per store)								
Assets								
Current assets:								
Cash on hand and in bank	1,358	4,262	5,020	4,612	5,087	10,583	8,877	5,682
Accounts and notes receivable (net)	570	1,950	1,152	1,582	1,812	3,516	2,987	1,947
Merchandise inventory	19,569	26,715	34,116	30,131	56,311	67,566	64,073	41,929
Other current assets	223	1,447	654	1,081	3,196	4,655	4,203	2,190
Total current assets	21,720	34,374	40,942	37,406	66,406	86,320	80,140	51,748
Fixed assets (net):								
Used in the business	1,951	2,866	1,850	2,397	4,484	7,012	6,227	3,888
Not used in the business	—	2,642	—	1,423	—	1,625	1,121	993
Total fixed assets (net)	1,951	5,508	1,850	3,820	4,484	8,637	7,348	4,881
Other assets:								
Long term investments	1,683	35	2,937	1,374	30	3,642	2,521	1,916
Other assets	1,023	1,251	1,672	1,445	3,587	11,123	8,784	4,395
Total other assets	2,706	1,286	4,609	2,819	3,617	14,765	11,305	6,311
Total assets	26,377	41,168	47,401	44,045	74,507	109,722	98,793	62,940
Liabilities								
Current liabilities: Accounts and notes payable	7,484	10,782	7,674	9,347	26,130	27,083	26,787	16,173
Fixed liabilities:								
Mortgages on fixed assets used in business	—	—	—	—	171	1,375	1,001	415
Mortgages on fixed assets not used in business	—	—	—	—	—	—	—	—
Total fixed liabilities	—	—	—	—	171	1,375	1,001	415
Other liabilities:	6,690	9,355	3,886	6,831	12,921	15,901	14,976	10,175
Total liabilities	14,174	20,137	11,560	16,178	39,222	44,359	42,764	26,763
Net worth:								
Capital stock	10,727	7,243	16,740	11,627	21,873	32,013	28,866	18,576
Surplus and undivided profits	1,476	13,788	19,101	16,240	13,412	33,350	27,163	17,601
Total net worth	12,203	21,031	35,841	27,867	35,285	56,363	56,029	36,177
Total liabilities and net worth	26,377	41,168	47,401	44,045	74,507	109,722	98,793	62,940
Average net sales of stores reporting	41,026	73,288	83,313	77,915	166,895	189,896	182,758	113,445
Number of stores reporting	15	14	12	26	9	20	29	70

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OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL CLOTHING STORES

1958

(Independent)

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Other occasional reports and 1951 Census reports on retail trade are shown in a complete list of publications of the Dominion Bureau of Statistics which is available on request from the Information Services Division, D.B.S., or from the Queen's Printer, Ottawa.

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OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL CLOTHING STORES

1958

(Independent)

INTRODUCTION

This report is a continuation of the practice to publish a biennial series of publications on the operating results and financial structure of selected trades, primarily as a guide for retailers. It covers independent retailers—chain stores are surveyed in the alternate year. The averages and ratios that are shown can be used as a standard against which businessmen can compare their own operating experience. The pattern of these ratios are compiled by sales-size ranges and in the case of balance sheet averages, by age of business whenever possible. Such a stratification permits more direct analysis of the operating results by users. It should be borne in mind, however, that these ratios and averages do not represent top performance guides. They are the “average” of a broad range of operational efficiencies.

While this report is similar to the previous operating results reports issued for these trades, some slight modifications in the presentation have been made. The historical series on profit and loss ratios show results from 1952 on a biennial basis rather than just for two years; detailed expense ratios are also shown for “total, all sizes” where formerly they were shown for only the separate sales-size categories. These “total-trade” ratios are the result of applying a weighting pattern to the individual size group results. The weights derived from the 1951 Census for each size group were applied to the results of each respective group to arrive at total trade ratios in which the results of each size and occupancy component are properly represented. The averages shown for balance sheet items have not been weighted and therefore represent the averages obtained by adding together the reporting panel of firms in each cell.

Profit and loss as well as balance sheet definitions are shown on the last pages of this report.

INDEPENDENT MEN'S CLOTHING STORES

Firms included in this classification are those selling mainly men's and boys' ready-made clothing. Items of furnishings, such as shirts, gloves, underwear and shoes, may also be sold but the sales of these items do not exceed 80% of total sales. Specialized stores, such as those whose sales are principally in hats, are not included.

The operating results of men's clothing stores are presented under two main classifications namely, the unincorporated and the incorporated establishments. In the unincorporated establishments, men's clothing stores obtained a gross profit of 28.55% in 1958 as compared to 28.17% in 1956. The operating

expenses, consisting of the employees' salaries (6.62%), occupancy charges (5.90%) and other overhead expenses totalled 18.16% of sales in 1958. The net operating profit ratio before income tax and proprietors' salaries was 10.39% of total net sales.

In the incorporated sector of the trade, the analysis indicates higher gross profit ratios at 30.89% of total net sales as compared to 30.76% in 1956. The operating expenses including employees' salaries of 15.55% and occupancy of 6.01%, totalled 28.22% of total net sales, leaving a net profit before income tax of 2.67%.

TABLE 1. Independent Men's Clothing Stores — Operating Results for 1952-58

Item	Unincorporated				Incorporated			
	1952	1954	1956	1958	1952	1954	1956	1958
	per cent of net sales							
Gross profit	26.37	27.02	28.17	28.55	29.16	29.83	30.76	30.89
Operating expenses:								
Employees' salaries	6.21	6.43	6.20	6.62	14.79	15.75	14.90	15.55
Occupancy	5.01	5.74	5.92	5.90	5.76	6.09	5.85	6.01
Office and store supplies	0.65	0.58	0.60	0.56	0.65	0.67	0.64	0.65
Advertising	1.20	1.41	1.43	1.36	2.03	2.14	2.06	2.31
All other expenses	2.91	3.42	3.16	3.72	3.14	3.44	3.69	3.70
Total operating expenses	15.98	17.58	17.31	18.16	26.37	28.09	27.14	28.22
Net operating profit before deduction of proprietors' salaries and income tax, and addition of net non-trading income	10.39	9.44	10.86	10.39	2.79	1.74	3.62	2.67

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 2. Independent Men's Clothing Stores — Balance Sheet Ratios as at December 31, 1952-58

Item	Unincorporated				Incorporated			
	1952	1954	1956	1958	1952	1954	1956	1958
Current ratio — Owned	3.33	3.09	3.46	4.12	2.02	1.89	3.99	3.40
Rented	2.66	3.12	2.99	2.96	2.95	2.88	3.01	2.73
Liquidity ratio — Owned	1.22	1.09	1.39	1.37	0.82	0.71	1.88	1.31
Rented	0.86	0.96	0.95	0.88	1.01	0.96	1.05	0.97
Working capital to net worth ratio — Owned	0.64	0.60	0.72	0.71	0.52	0.52	0.70	0.67
Rented	0.85	0.90	0.94	0.92	0.85	0.93	0.98	0.88
Worth debt ratio — Owned	2.56	2.30	2.00	2.16	1.37	1.06	1.52	1.47
Rented	1.61	1.86	1.60	1.55	1.85	1.37	1.22	1.36
Turnover of total capital employed — Owned	1.41	1.12	1.24	1.31	1.37	1.00	0.98	1.16
Rented	1.91	1.79	1.86	1.87	1.81	1.62	1.79	1.87

Note: See page 22 for definitions.

TABLE 3. Independent Men's Clothing Stores — Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of			Rented stores with annual net sales of				Total ¹
	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
Number of stores reporting	38	31	23	25	138	85	42	401
Average net sales per store	\$ 34,114	76,792	164,611	15,804	34,289	71,050	152,206	84,405
Average beginning inventory	\$ 14,695	30,077	52,770	7,471	13,227	26,205	47,277	29,166
Average inventory, end of year	\$ 14,561	28,704	53,017	7,177	12,814	25,967	46,867	28,796
Average cost of goods sold	\$ 24,489	55,212	119,381	10,811	24,247	51,024	108,607	60,542
Stock turnover (times per year)	1.67	1.88	2.26	1.48	1.86	1.96	2.31	2.09
Profit and loss data (Per cent of net sales)								
Gross profit	28.22	28.10	27.48	31.59	29.29	28.19	28.65	28.55
Operating expenses:								
Employees' salaries and wages, (except delivery)	5.61	7.01	8.81	4.83	4.51	6.89	8.28	6.62
Delivery	0.18	0.37	0.20	0.54	0.49	0.41	0.37	0.36
Occupancy expenses:								
Taxes	1.07	0.99	0.94	0.65	0.48	0.41	0.35	0.64
Insurance	0.92	0.86	0.79	0.83	0.76	0.73	0.65	0.77
Rent	—	—	—	6.51	4.77	3.61	2.70	2.54
Heat, light and power	1.32	0.79	0.71	1.35	0.83	0.66	0.47	0.81
Repairs and maintenance	0.68	0.49	0.61	0.33	0.35	0.38	0.42	0.47
Depreciation allowances	0.82	0.86	0.94	0.44	0.64	0.62	0.50	0.67
Total occupancy expenses	4.81	3.99	3.99	10.11	7.83	6.41	5.09	5.90
Office and store supplies	0.44	0.41	0.52	0.65	0.56	0.56	0.68	0.56
Advertising	0.69	1.24	1.57	0.53	1.01	1.71	1.78	1.36
Net loss on bad debts	0.15	0.20	0.17	0.04	0.23	0.37	0.33	0.25
All other expenses	3.31	3.70	3.28	2.64	3.65	2.91	2.34	3.11
Total operating expenses	15.19	16.92	18.54	19.34	18.28	19.26	18.87	18.16
Net operating profit	13.03	11.18	8.94	12.25	11.01	8.93	9.78	10.39
Non-trading income	3.11	1.00	1.92	0.73	0.69	0.39	0.38	1.00
Non-trading expense	1.48	0.01	0.19	0.01	0.25	0.12	0.06	0.25
Net profit before deduction of proprietors' salaries and income tax	14.66	12.17	10.67	12.97	11.45	9.20	10.10	11.14

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.**TABLE 4. Independent Men's Clothing Stores — Operating Results of Incorporated Stores by Annual Sales Volume and Occupancy Basis, 1958**

Item	Owned stores with annual net sales of		Rented stores with annual net sales of			Total ¹
	Under \$100,000	\$100,000 and over	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
Number of stores reporting	12	12	24	63	166	219
Average net sales per store	\$ 67,851	225,806	37,136	74,959	206,908	167,135
Average beginning inventory	\$ 27,249	69,559	16,849	27,242	57,184	49,491
Average inventory, end of year	\$ 26,016	69,830	17,083	26,506	55,388	48,419
Average cost of goods sold	\$ 45,913	155,044	25,437	52,270	142,979	115,349
Stock turnover (times per year)	1.72	2.22	1.50	1.94	2.54	2.36
Profit and loss data (Per cent of net sales)						
Gross profit	32.33	31.34	31.50	30.27	30.90	30.89
Operating expenses:						
Executives' and employees' salaries and wages, etc. (except delivery)	15.41	16.81	15.22	15.70	15.02	15.55
Delivery	0.11	0.15	0.35	0.40	0.25	0.26
Occupancy expenses:						
Taxes	2.24	0.98	0.53	0.44	0.40	0.60
Insurance	0.99	0.68	0.68	0.67	0.50	0.60
Rent	—	—	5.44	4.24	3.43	2.96
Heat, light and power	1.16	0.58	1.02	0.75	0.51	0.63
Repairs and maintenance	1.00	0.52	0.32	0.35	0.33	0.39
Depreciation allowances	1.49	1.25	0.61	0.76	0.67	0.83
Total occupancy expenses	6.88	4.01	8.80	7.21	5.84	6.01
Office and store supplies	0.68	0.78	0.57	0.62	0.62	0.65
Advertising	1.94	2.31	1.20	1.69	2.73	2.31
Net loss on bad debts	0.54	0.18	0.36	0.31	0.36	0.33
All other expenses	5.15	3.01	3.39	2.88	3.02	3.11
Total operating expenses	30.71	27.25	29.89	28.81	27.84	28.22
Net operating profit	1.62	4.09	1.61	1.46	3.06	2.67
Non-trading income	3.82	0.73	0.38	0.18	0.64	0.69
Non-trading expense	0.67	0.01	0.03	0.05	0.13	0.11
Net profit before provision for income tax	4.77	4.81	1.96	1.59	3.57	3.25

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 5. Independent Men's Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1958

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
	average per store (dollars)			
Assets				
Current assets:				
Cash on hand and in bank	4,408	8,464	7,796	6,620
Accounts and notes receivable (net)	1,655	3,289	13,510	5,021
Merchandise inventory	14,936	28,704	55,273	29,250
Other current assets	2,912	2,180	3,922	2,895
Total current assets	23,911	42,637	80,501	43,786
Fixed assets (net):				
Used in the business	7,586	11,916	39,646	16,659
Not used in the business	2,057	4,787	5,708	3,869
Total fixed assets (net)	9,643	16,703	45,354	20,528
Other assets:				
Long term investments	2,531	2,202	2,360	2,376
Other assets	238	787	3,820	1,275
Total other assets	2,769	2,989	6,180	3,651
Total assets	36,323	62,329	132,035	67,965
Liabilities				
Current liabilities:				
Accounts and notes payable	4,610	11,783	19,502	10,622
Fixed liabilities:				
Mortgages on fixed assets used in the business	1,780	2,729	9,823	4,008
Mortgages on fixed assets not used in the business	683	1,216	3,175	1,457
Total fixed liabilities	2,463	3,945	12,998	5,465
Other liabilities	1,257	2,368	17,186	5,403
Total liabilities	8,330	18,096	49,686	21,490
Net worth: Proprietor's or partners' equity in the business	27,993	44,233	82,349	46,475
Total liabilities and net worth	36,323	62,329	132,035	67,965
Average net sales of stores reporting	34,308	76,792	169,854	81,088
Number of stores reporting	37	31	21	8

TABLE 6. Independent Men's Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Total	
	average per store (dollars)							
Assets								
Current assets:								
Cash on hand and in bank	2,796	2,605	2,674	2,816	5,411	4,422	9,872	4,428
Accounts and notes receivable (net)	1,317	1,325	1,322	4,910	3,883	4,274	10,630	3,818
Merchandise inventory	11,420	13,470	12,729	27,296	24,722	25,703	45,967	22,587
Other current assets	72	1,597	1,046	294	2,338	1,559	1,829	1,343
Total current assets	15,605	18,997	17,771	35,316	36,354	35,958	69,198	32,176
Fixed assets (net):								
Used in the business	1,454	1,822	1,689	2,362	1,973	2,121	5,400	2,440
Not used in the business	1,205	2,369	1,948	1,529	1,268	1,368	5,585	-2,354
Total fixed assets (net)	2,659	4,191	3,637	3,891	3,241	3,489	10,985	4,794
Other assets:								
Long term investments	47	983	644	204	614	458	2,259	848
Other assets	178	269	237	787	240	448	866	409
Total other assets	225	1,252	881	991	854	906	3,125	1,257
Total assets	18,489	24,440	22,289	40,198	40,449	40,353	83,308	38,227
Liabilities								
Current liabilities:								
Accounts and notes payable	7,007	6,181	6,480	14,403	11,699	12,729	20,698	10,863
Fixed liabilities:								
Mortgages on fixed assets used in the business	—	101	64	424	114	232	3,007	602
Mortgages on fixed assets not used in the business	812	322	499	235	290	270	560	434
Total fixed liabilities	812	423	563	659	404	502	3,567	1,036
Other liabilities	1,864	1,854	1,858	6,160	1,408	3,218	6,782	3,112
Total liabilities	9,683	8,458	8,901	21,222	13,511	16,449	31,047	15,011
Net worth: Proprietor's or partners' equity in the business	8,806	15,892	12,388	18,976	26,938	23,904	52,261	23,216
Total liabilities and net worth	18,489	24,440	22,289	40,198	40,449	40,353	83,308	38,227
Average net sales of stores reporting	35,002	33,915	34,308	71,897	70,344	70,936	152,206	65,669
Number of stores reporting	47	83	130	32	52	84	42	256

TABLE 7. Independent Men's Clothing Stores — Owned — Financial Structure of Incorporated Stores by Size of Business as at December 31, 1958

Item	Stores with annual net sales of		Total all sizes \$20,000 and over
	Under \$100,000	\$100,000 and over	
	average per store (dollars)		
Assets			
Current assets:			
Cash on hand and in bank	6,031	19,035	12,533
Accounts and notes receivable (net)	4,770	20,042	12,406
Merchandise inventory	26,015	69,830	47,923
Other current assets	2,305	7,634	4,970
Total current assets	39,121	116,541	77,832
Fixed assets (net):			
Used in the business	38,402	48,786	43,594
Not used in the business	618	2,268	1,443
Total fixed assets (net)	39,020	51,054	45,037
Other assets:			
Long term investments	1,651	15,414	8,532
Other assets	1,240	9,752	5,496
Total other assets	2,891	25,166	14,028
Total assets	81,032	192,761	136,897
Liabilities			
Current liabilities: Accounts and notes payable	16,455	29,323	22,890
Fixed liabilities:			
Mortgages on fixed assets used in the business	8,257	4,599	6,428
Mortgages on fixed assets not used in the business	—	833	416
Total fixed liabilities	8,257	5,432	6,844
Other liabilities	12,534	38,703	25,618
Total liabilities	37,246	73,458	55,352
Net worth:			
Capital stock	17,298	52,844	35,071
Surplus and undivided profits	26,488	66,459	46,474
Total net worth	43,786	119,303	81,545
Total liabilities and net worth	81,032	192,761	136,897
Average net sales of stores reporting	67,850	225,806	146,828
Number of stores reporting	12	12	24

TABLE 8. Independent Men's Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
average per store (dollars)										
Assets										
Current assets:										
Cash on hand and in bank	2,063	3,590	2,759	2,731	4,061	3,470	11,897	11,383	11,576	7,794
Accounts and notes receivable (net)	1,509	1,655	1,576	4,997	4,556	4,752	18,415	22,601	21,031	13,217
Merchandise inventory	20,090	13,438	17,041	24,258	28,305	26,506	51,545	58,078	55,628	41,174
Other current assets	72	832	420	638	747	699	1,514	2,987	2,435	1,609
Total current assets	23,734	19,505	21,796	32,624	37,669	35,427	83,371	95,049	90,670	63,794
Fixed assets (net):										
Used in the business	3,036	1,000	2,103	4,493	2,932	3,626	7,620	8,882	8,408	6,039
Not used in the business	231	1,324	732	993	417	673	33	1,366	866	785
Total fixed assets (net)	3,267	2,324	2,835	5,486	3,349	4,299	7,653	10,248	9,274	6,824
Other assets:										
Long term investments	—	—	—	10	989	554	4,122	5,274	4,842	2,819
Other assets	1,032	926	983	2,055	2,739	2,435	6,280	10,910	9,174	5,922
Total other assets	1,032	926	983	2,065	3,728	2,989	10,402	16,184	14,016	8,741
Total assets	28,033	22,755	25,614	40,175	44,746	42,715	101,426	121,481	113,960	79,359
Liabilities										
Current liabilities:										
Accounts and notes payable	9,996	4,810	7,619	13,220	12,290	12,703	32,809	33,907	33,495	23,386
Fixed liabilities:										
Mortgages on fixed assets used in the business	201	—	109	—	—	—	189	866	612	347
Mortgages on fixed assets not used in the business	1,658	218	998	—	—	—	—	121	76	166
Total fixed liabilities	1,859	218	1,107	—	—	—	189	987	688	513
Other liabilities	6,943	5,399	6,235	5,596	5,087	5,314	14,587	12,508	13,287	9,771
Total liabilities	18,798	10,427	14,961	18,816	17,377	18,017	47,585	47,402	47,470	33,670
Net worth:										
Capital stock	8,476	4,112	6,476	13,538	12,954	13,214	21,688	27,385	25,249	18,920
Surplus and undivided profits	759	8,216	4,177	7,821	14,415	11,484	32,153	46,694	41,241	26,769
Total net worth	9,235	12,328	10,653	21,359	27,369	24,698	53,841	74,079	66,490	45,689
Total liabilities and net worth	28,033	22,755	25,614	40,175	44,746	42,715	101,426	121,481	113,960	79,359
Average net sales of stores reporting	37,878	36,260	37,136	75,012	74,916	74,959	187,612	218,362	206,831	142,011
Number of stores reporting	13	11	24	28	35	63	39	65	104	191

INDEPENDENT WOMEN'S CLOTHING STORES

Firms included in this classification are those selling mainly women's ready-to-wear coats, suits and dresses, with or without accessories. Stores selling piece goods in excess of 50% were excluded, as were those stores that specialize in single lines such as millinery or furs.

The operating results of women's clothing stores are presented under two main classifications, namely, the unincorporated and the incorporated business establishments. In the unincorporated class women's clothing stores obtained a gross profit of 28.78% in 1958 as compared to 28.29% in 1956. The operating

expenses, consisting of employees' salaries (7.54%), occupancy charges (7.15%) and other overhead expenses, totalled 20.26% of sales in 1958. The net operating profit, before income tax and proprietors' withdrawals, were established at 8.52% of total net sales.

For incorporated stores, gross profits were 31.91% of total net sales, as compared to 31.78% in 1956. The operating expenses, of which employees' salaries were 17.02% and occupancy 6.94%, totalled 30.43% of net sales, leaving a net profit before income tax of 1.48% of total net sales.

TABLE 9. Independent Women's Clothing Stores — Operating Results for 1952-58

Item	Unincorporated				Incorporated ¹			
	1952	1954	1956	1958	1952	1954	1956	1958
	per cent of net sales							
Gross profit	26.78	27.38	28.29	28.78	29.76	31.23	31.78	31.91
Operating expenses:								
Employees' salaries	7.61	8.09	7.78	7.54	15.50	16.57	15.85	17.02
Occupancy	5.93	6.44	6.49	7.15	6.43	7.08	7.02	6.94
Office and store supplies	0.69	0.66	0.69	0.73	0.77	0.77	0.83	0.88
Advertising	0.97	1.10	1.05	0.97	1.36	1.63	1.62	1.76
All other expenses	3.17	3.49	3.55	3.87	3.19	3.18	3.29	3.83
Total operating expenses	18.37	19.78	19.56	20.26	27.25	29.23	28.61	30.43
Net operating profit before deduction of proprietors' salaries and income tax, and addition of net non-trading income	8.41	7.60	8.73	8.52	2.51	2.00	3.17	1.48

¹ Covers only rented stores.

Note: These ratios are "weighted" according to the 1951 census weights of the different sales sizes for independent stores.

TABLE 10. Independent Women's Clothing Stores — Balance Sheet Ratios as at December 31, 1952-58

Item	Unincorporated				Incorporated			
	1952	1954	1956	1958	1952	1954	1956	1958
Current ratio—Owned	2.73	2.66	2.95	2.55	—	—	—	—
Rented	2.55	2.17	2.71	2.51	2.27	2.32	2.76	2.29
Liquidity ratio—Owned	1.19	0.99	1.08	0.79	—	—	—	—
Rented	1.07	0.92	1.08	0.97	1.18	1.18	1.46	1.17
Working capital to net worth ratio—Owned	0.51	0.54	0.59	0.49	—	—	—	—
Rented	0.86	0.79	0.91	0.85	0.80	0.74	0.83	0.74
Worth debt ratio—Owned	2.39	1.96	1.69	2.14	—	—	—	—
Rented	1.58	1.18	1.16	1.20	1.45	1.49	1.56	1.38
Turnover of total capital employed—Owned	1.78	1.67	1.60	1.80	—	—	—	—
Rented	2.76	2.44	2.55	2.60	2.70	2.64	2.45	2.51

Note: See page 22 for definitions.

TABLE 11. Independent Women's Clothing Stores — Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sale of				Rented stores with annual net sales of				Total ¹
	\$10,000 - \$19,999	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 - and over	\$10,000 - \$19,999	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 - and over	
Number of stores reporting	13	32	20	12	34	89	64	39	317
Average net sales per store	\$ 14,727	33,062	71,393	155,444	15,880	34,622	71,555	145,763	67,692
Average beginning inventory	\$ 8,713	10,193	20,162	21,912	5,458	8,851	14,738	20,133	13,466
Average inventory, end of year	\$ 8,610	10,191	19,931	23,762	5,304	9,485	15,716	20,834	14,038
Average cost of goods sold	\$ 11,235	23,747	54,349	109,772	10,891	24,659	50,198	103,019	48,146
Stock turnover (times per year)	1.30	2.33	2.71	4.81	2.02	2.69	3.30	5.03	3.50
Profit and loss data (Per cent of net sales)									
Gross profit	23.71	28.17	23.87	29.38	31.41	28.78	29.85	29.32	28.78
Operating expenses:									
Employees' salaries and wages, (except delivery) ...	3.33	6.08	7.29	10.23	4.74	6.27	8.89	9.80	7.54
Delivery	0.06	0.66	0.56	0.32	0.19	0.44	0.40	0.48	0.44
Occupancy expenses:									
Taxes	1.67	1.62	0.98	0.66	0.55	0.46	0.42	0.34	0.68
Insurance	0.97	0.88	0.82	0.63	0.66	0.59	0.64	0.49	0.67
Rent	—	—	—	—	7.06	5.31	4.25	3.07	3.46
Heat, light and power	1.97	1.42	0.87	0.82	1.16	0.73	0.61	0.46	0.86
Repairs and maintenance	0.97	0.74	0.65	0.57	0.49	0.53	0.62	0.42	0.58
Depreciation allowances	1.47	1.42	1.08	1.02	0.38	0.67	0.89	0.87	0.90
Total occupancy expenses	7.05	6.08	4.40	3.70	10.30	8.29	7.43	5.65	7.15
Office and store supplies	0.80	0.71	0.62	0.88	0.88	0.67	0.72	0.82	0.73
Advertising	0.55	0.57	0.99	1.30	0.79	0.88	1.04	1.43	0.97
Net loss on bad debts	0.15	0.25	0.06	0.08	0.11	0.12	0.17	0.23	0.15
All other expenses	3.78	3.01	2.75	3.97	4.05	3.23	3.09	3.33	3.28
Total operating expenses	15.72	17.36	16.67	20.48	21.06	19.90	21.74	21.74	20.26
Net operating profit	7.99	10.81	7.20	8.90	10.35	8.88	8.11	7.58	8.52
Non-trading income	1.76	1.57	1.06	0.44	0.02	0.75	0.22	0.76	0.72
Non-trading expense	0.51	0.04	0.22	0.14	0.02	0.07	0.07	0.43	0.15
Net profit before deduction of proprietors' salaries and income tax	9.24	12.34	8.04	9.20	10.35	9.56	8.26	7.91	9.09

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 12. Independent Women's Clothing Stores — Operating Results of Rented Incorporated Stores by Annual Sales Volume, 1958

Item	Rented stores with annual net sales of			Total ¹
	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over	
Number of stores reporting	13	29	67	109
Average net sales per store	\$ 36,555	73,730	245,673	184,930
Average beginning inventory	\$ 11,159	18,691	31,905	26,647
Average inventory, end of year	\$ 11,145	18,415	35,003	28,670
Average cost of goods sold	\$ 24,721	50,667	166,037	125,166
Stock turnover (times per year)	2.22	2.73	4.96	4.53
Profit and loss data (Per cent of net sales)				
Gross profit	32.37	31.28	32.41	31.91
Operating expenses:				
Executives' and employees' salaries and wages, etc. (except delivery)	17.55	16.72	17.23	17.02
Delivery	0.20	0.34	0.31	0.30
Occupancy expenses:				
Taxes	1.24	0.66	0.41	0.55
Insurance	0.73	0.61	0.39	0.47
Rent	6.14	4.52	3.26	3.80
Heat, light and power	0.74	0.67	0.53	0.58
Repairs and maintenance	0.43	0.41	0.54	0.49
Depreciation allowances	0.82	0.87	1.15	1.05
Total occupancy expenses	10.10	7.74	6.28	6.94
Office and store supplies	0.76	0.89	0.90	0.88
Advertising	0.93	1.48	1.99	1.78
Net loss on bad debts	0.14	0.06	0.29	0.22
All other expenses	4.10	3.62	3.13	3.31
Total operating expenses	33.78	30.85	30.13	30.43
Net operating profit	1.41	0.43	2.28	1.48
Non-trading income	0.49	0.68	1.77	1.39
Non-trading expense	0.03	0.09	0.38	0.28
Net profit before provision for income tax	0.95	1.02	3.67	2.59

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 13. Independent Women's Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1958

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
average per store (dollars)				
Assets				
Current assets:				
Cash on hand and in bank	2,454	2,619	5,421	3,074
Accounts and notes receivable (net)	1,471	1,717	6,035	2,421
Merchandise inventory	10,555	19,930	24,741	16,478
Other current assets	1,138	2,409	2,977	1,925
Total current assets	15,618	26,675	39,174	23,898
Fixed assets (net):				
Used in the business	9,021	12,209	25,362	13,219
Not used in the business	481	3,563	93	1,471
Total fixed assets (net)	9,502	15,772	25,455	14,690
Other assets:				
Long term investments	637	2,813	7,576	2,704
Other assets	—	663	9,222	1,977
Total other assets	637	3,476	16,798	4,681
Total assets	25,757	45,923	81,427	43,269
Liabilities				
Current liabilities:				
Accounts and notes payable	4,356	9,824	20,820	9,364
Fixed liabilities:				
Mortgages on fixed assets used in the business	1,988	1,207	145	1,369
Mortgages on fixed assets not used in the business	—	2,348	—	810
Total fixed liabilities	1,988	3,555	145	2,179
Other liabilities	397	4,121	3,418	2,254
Total liabilities	6,741	17,500	24,383	13,797
Net worth: Proprietor's or partners' equity in the business	19,016	28,423	57,044	29,472
Total liabilities and net worth	25,757	45,923	81,427	43,269
Average net sales of stores reporting	34,071	71,393	158,400	70,520
Number of stores reporting	27	20	11	58

TABLE 14. Independent Women's Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of						Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	average per store (dollars)						
Assets							
Current assets:							
Cash on hand and in bank	1,790	4,020	3,220	3,164	3,646	3,485	5,476
Accounts and notes receivable (net)	1,173	1,027	1,079	2,104	4,263	3,544	9,951
Merchandise inventory	10,585	9,178	9,683	17,629	15,006	15,880	20,833
Other current assets	260	1,200	883	781	2,009	1,600	1,696
Total current assets	13,808	15,425	14,845	23,678	24,924	24,509	37,966
Fixed assets (net):							
Used in the business	1,909	1,559	1,685	3,285	3,268	3,272	6,745
Not used in the business	434	2,466	1,736	645	2,304	1,751	1,911
Total fixed assets (net)	2,343	4,025	3,421	3,930	5,570	5,023	9,263
Other assets:							
Long term investments	304	948	717	478	197	291	1,175
Other assets	203	227	218	1,397	298	664	3,050
Total other assets	507	1,175	935	1,875	495	955	4,225
Total assets	16,658	20,625	19,201	29,483	30,989	30,487	51,444
Liabilities							
Current liabilities:							
Accounts and notes payable	5,222	4,156	4,539	8,595	12,129	10,950	15,898
Fixed liabilities:							
Mortgages on fixed assets used in the business	—	291	186	213	—	71	2,287
Mortgages on fixed assets not used in the business	—	1,215	779	—	318	212	938
Total fixed liabilities	—	1,506	965	213	318	283	3,225
Other liabilities	854	1,703	1,398	3,365	3,562	3,497	6,395
Total liabilities	6,076	7,365	6,902	12,173	16,009	14,730	25,518
Net worth: Proprietor's or partners' equity in the business	10,582	13,260	12,299	17,310	14,980	15,757	25,926
Total liabilities and net worth	16,658	20,625	19,201	29,483	30,989	30,487	51,444
Average net sales of stores reporting	34,788	34,117	34,358	67,570	73,615	71,600	145,738
Number of stores reporting	28	50	78	21	42	63	39

TABLE 15. Independent Women's Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of							Total all sizes \$20,000 and over	
	\$20,000- \$49,999	\$50,000 - \$99,999			\$100,000 and over				
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
average per store (dollars)									
Assets									
Current assets:									
Cash on hand and in bank	3,629	770	3,756	2,315	10,938	12,508	12,175	8,590	
Accounts and notes receivable (net)	2,597	6,661	5,849	6,241	37,767	17,181	21,548	15,393	
Merchandise inventory	10,600	21,134	15,878	18,415	46,203	31,642	34,730	27,763	
Other current assets	600	228	684	464	4,357	8,400	7,543	4,886	
Total current assets	17,426	28,793	26,167	27,435	99,265	69,731	75,996	56,632	
Fixed assets (net):									
Used in the business	988	4,016	3,120	3,552	10,777	12,931	12,474	8,841	
Not used in the business	226	20	49	35	141	41	62	72	
Total fixed assets (net)	1,214	4,036	3,169	3,587	10,918	12,972	12,536	8,913	
Other assets:									
Long term investments	326	2,122	1,599	1,852	2,635	5,658	5,017	3,664	
Other assets	2,464	2,064	2,237	2,153	6,996	6,359	6,494	4,889	
Total other assets	2,790	4,186	3,836	4,005	9,631	12,017	11,511	8,553	
Total assets	21,430	37,015	33,172	35,027	119,814	94,720	100,043	74,098	
Liabilities									
Current liabilities:									
Accounts and notes payable	5,558	14,806	8,030	11,301	52,857	28,727	33,846	24,742	
Fixed liabilities:									
Mortgages on fixed assets used in the business	—	—	—	—	—	1,201	946	589	
Mortgages on fixed assets not used in the business	270	—	—	—	—	—	—	28	
Total fixed liabilities	270	—	—	—	—	1,201	946	617	
Other liabilities	3,925	5,554	3,014	4,240	17,721	3,791	6,745	5,768	
Total liabilities	9,753	20,360	11,044	15,541	70,578	33,719	41,537	31,127	
Net worth:									
Capital stock	9,007	9,065	12,929	11,064	18,157	17,070	17,301	14,734	
Surplus and undivided profits	2,670	7,590	9,199	8,422	31,079	43,931	41,205	28,237	
Total net worth	11,677	16,655	22,128	19,486	49,236	61,001	58,506	42,971	
Total liabilities and net worth	21,430	37,015	33,172	35,027	119,814	94,720	100,043	74,098	
Average net sales of stores reporting	35,429	76,764	70,699	73,730	279,891	236,037	245,339	176,607	
Number of stores reporting	11	14	15	29	14	52	66	106	

INDEPENDENT FAMILY CLOTHING STORES

Firms included in this classification are those selling mainly men's, women's and children's clothing and furnishings. Other items sold may include piece goods, notions, house furnishings and footwear but the total sales of such items do not exceed 50% of total sales made by the establishment.

The operating results of family clothing stores are presented under two main classifications, namely, the unincorporated and the incorporated establishments. In the unincorporated category, family clothing stores obtained a gross profit of 27.12% in 1958 as compared with 26.54% in 1956. The operating

expenses, consisting of the employees' salaries (7.41%) occupancy charges (6.01%) and other overhead expenses, totalled 18.67% of net sales in 1958. The net operating profit before income tax and proprietors' withdrawals, were established at 8.45% of total net sales.

In the incorporated sector of the trade, gross profits were 30.55% of total net sales, as compared to 30.32% in 1956. The operating expenses, of which employees' salaries were 15.30% and occupancy 5.09%, amounted to 28.07% leaving a net profit before income tax of 2.48% of total net sales.

TABLE 16. Independent Family Clothing Stores — Operating Results for 1952-58

Item	Unincorporated				Incorporated			
	1952	1954	1956	1958	1952	1954	1956	1958
	per cent of net sales							
Gross profit	24.45	25.88	26.54	27.12	29.73	29.45	30.32	30.55
Operating expenses:								
Employees' salaries	6.53	7.27	7.14	7.41	14.65	15.73	15.71	15.30
Occupancy	4.93	5.38	5.50	6.01	4.71	4.97	4.78	5.09
Office and store supplies	0.61	0.55	0.55	0.54	0.79	0.89	0.81	0.90
Advertising	0.95	1.17	1.27	1.21	2.55	2.46	2.56	2.60
All other expenses	2.46	2.85	3.06	3.50	3.53	3.07	3.19	4.18
Total operating expenses	15.48	17.22	17.52	18.67	26.23	27.12	27.05	28.07
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading profit	8.97	8.66	9.02	8.45	3.50	2.33	3.27	2.48

Note: These ratios are "weighted" according to the 1951 census weights of the different sales sizes for independent stores.

TABLE 17. Independent Family Clothing Stores — Balance Sheet Ratios as at December 31, 1952-58

Item	Unincorporated				Incorporated			
	1952	1954	1956	1958	1952	1954	1956	1958
Current ratio — Owned	3.91	3.82	4.32	4.51	—	3.62	4.29	—
Rented	2.98	3.22	2.82	2.57	2.54	2.73	2.82	3.07
Liquidity ratio — Owned	1.29	1.46	1.47	1.51	—	1.40	1.48	—
Rented	1.03	0.94	1.18	0.96	1.32	1.12	1.18	1.56
Working capital to net worth ratio — Owned	0.73	0.64	0.66	0.70	—	0.75	0.79	—
Rented	0.87	0.91	0.98	0.99	0.86	0.95	0.98	0.97
Worth debt ratio — Owned	2.84	3.06	2.99	2.78	—	2.24	1.79	—
Rented	1.86	1.83	1.33	1.17	1.59	1.32	1.33	1.40
Turnover of total capital employed — Owned	1.42	1.28	1.32	1.29	—	1.58	1.51	—
Rented	1.92	1.91	1.83	1.97	1.85	1.85	2.02	1.89

Note: See page 22 for definitions.

TABLE 18. Independent Family Clothing Stores—Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis 1958

Item	Owned stores with annual net sales of			Rented stores with annual net sales of				Total ¹
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Number of stores reporting	31	31	21	10	33	38	33	209
Average net sales per store	\$ 34,991	\$ 66,313	\$ 170,789	\$ 15,361	\$ 36,127	\$ 65,924	\$ 214,415	\$ 100,140
Number beginning inventory	18,498	28,084	51,537	9,251	16,649	24,039	48,458	30,683
Average inventory, end of year	18,405	27,017	52,814	8,578	16,390	24,206	46,973	30,434
Average cost of goods sold	\$ 26,717	\$ 49,639	\$ 125,924	\$ 10,843	\$ 26,173	\$ 47,771	\$ 153,600	\$ 72,899
Stock turnover (times per year)	1.45	1.80	2.41	0.78	1.58	1.98	3.22	2.39
Profit and loss data (per cent of net sales)								
Gross profit	23.64	25.14	26.27	29.41	27.55	27.54	28.36	27.12
Operating expenses:								
Employees' salaries and wages (except delivery)	4.77	6.70	8.49	3.76	6.07	7.03	11.61	7.41
Delivery	0.45	0.34	0.13	0.26	0.41	0.53	0.13	0.34
Occupancy expenses:								
Taxes	1.17	0.90	0.73	0.92	0.70	0.39	0.44	0.79
Insurance	1.13	0.93	0.65	1.10	0.91	0.71	0.68	0.88
Rent	—	—	—	5.64	4.43	2.83	2.49	1.84
Heat, light and power	1.38	0.99	0.77	1.33	0.88	0.66	0.60	0.96
Repairs and maintenance	0.83	0.61	0.62	0.24	0.48	0.38	0.46	0.62
Depreciation allowances	1.27	1.04	1.42	0.01	0.65	0.71	0.55	0.92
Total occupancy expenses	5.78	4.47	4.19	9.24	8.05	5.68	5.22	6.01
Office and store supplies	0.31	0.44	0.47	0.90	0.68	0.40	0.66	0.54
Advertising	0.75	1.16	1.23	0.21	1.03	0.69	2.22	1.21
Net loss on bad debts	0.41	0.12	0.37	0.18	0.30	0.03	0.35	0.26
All other expenses	3.01	2.73	2.38	1.94	3.01	3.07	2.96	2.90
Total operating expenses	15.48	15.96	17.26	16.49	19.55	17.73	23.15	18.67
Net operating profit	8.16	9.18	9.01	12.92	8.00	9.81	5.21	8.45
Non-trading income	1.16	1.29	2.93	0.40	0.35	1.54	1.22	1.52
Non-trading expense	0.37	0.24	0.36	—	0.05	1.35	0.06	0.35
Net profit before deduction of proprietors' salaries and income tax	8.95	10.23	11.58	13.32	8.30	10.00	6.37	9.62

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 19. Independent Family Clothing Stores—Operating Results of Incorporated Stores by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of	Rented stores with annual net sales of					Total ¹
	\$100,000 and over	\$20,000- \$99,999	\$100,000- \$199,999	\$200,000- \$399,999	\$400,000 and over		
Number of stores reporting	15	18	22	23	24	106	
Average net sales per store	\$ 309,568	62,195	147,069	275,752	670,761	320,820	
Average beginning inventory	\$ 76,539	28,263	46,680	65,548	138,494	76,908	
Average inventory, end of year	\$ 75,044	27,987	41,907	62,612	139,644	75,181	
Average cost of goods sold	\$ 215,688	45,014	100,937	191,109	458,204	221,551	
Stock turnover (times per year)	2.85	1.60	2.28	2.98	3.29	2.91	
Profit and loss data (Per cent of net sales)							
Gross profit	30.33	27.62	31.37	30.69	31.69	30.55	
Operating expenses:							
Executives' and employees' salaries and wages etc. (except delivery)	14.73	14.38	15.94	16.16	15.84	15.30	
Delivery	0.28	0.44	0.31	0.27	0.16	0.24	
Occupancy expenses:							
Taxes	0.94	0.96	0.45	0.36	0.49	0.68	
Insurance	0.63	0.87	0.59	0.48	0.48	0.58	
Rent	—	3.74	2.80	2.37	2.52	1.57	
Heat, light and power	0.70	0.81	0.55	0.65	0.49	0.62	
Repairs and maintenance	0.92	0.37	0.38	0.41	0.76	0.72	
Depreciation allowances	1.06	0.43	0.74	0.96	0.93	0.92	
Total occupancy expenses	4.25	7.18	5.51	5.23	5.67	5.09	
Office and store supplies	0.84	0.61	0.72	0.82	1.12	0.90	
Advertising	2.71	1.09	1.83	2.10	3.25	2.60	
Net loss on bad debts	0.29	0.22	0.54	0.74	0.64	0.47	
All other expenses	3.66	2.71	3.68	2.65	3.71	3.47	
Total operating expenses	26.76	26.63	28.53	27.97	30.39	28.07	
Net operating profit	3.57	0.99	2.84	2.72	1.30	2.48	
Non-trading income	1.03	0.44	0.51	1.19	2.54	1.45	
Non-trading expense	0.12	0.04	0.13	0.17	0.18	0.14	
Net profit before provision for income tax	4.48	1.39	3.22	3.74	3.66	3.79	

¹ Average and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 20. Independent Family Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1958

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
	average per store (dollars)			
Assets				
Current assets:				
Cash on hand and in bank	2,691	5,369	9,873	5,526
Accounts and notes receivable (net)	2,131	3,846	11,751	5,217
Merchandise inventory	18,573	27,688	52,560	30,639
Other current assets	783	2,631	13,190	4,626
Total current assets	24,178	39,534	87,374	46,008
Fixed assets (net):				
Used in the business	7,222	11,119	38,844	16,707
Not used in the business	2,228	1,799	14,646	5,209
Total fixed assets (net)	9,450	12,918	53,490	21,916
Other assets:				
Long term investments	969	1,128	1,662	1,205
Other assets	69	344	1,794	610
Total other assets	1,038	1,472	3,456	1,815
Total assets	34,666	53,924	144,320	69,739
Liabilities				
Current liabilities:				
Accounts and notes payable	5,415	11,783	14,798	10,209
Fixed liabilities:				
Mortgages on fixed assets used in the business	1,732	1,579	8,992	3,512
Mortgages on fixed assets not used in the business	174	600	1,350	633
Total fixed liabilities	1,906	2,179	10,342	4,145
Other liabilities	2,958	3,129	7,138	4,081
Total liabilities	10,279	17,091	32,278	18,435
Net worth: Proprietor's or partners' equity in the business	24,387	36,833	112,042	51,304
Total liabilities and net worth	34,666	53,924	144,320	69,739
Average net sales of stores reporting	35,684	66,262	172,773	82,002
Number of stores reporting	29	30	20	79

TABLE 21. Independent Family Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of				Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000 - \$99,999			
		Under 10 years	10 years and over	Total	
	average per store (dollars)				
Assets					
Current assets:					
Cash on hand and in bank	1,635	1,344	4,292	3,391	6,494
Accounts and notes receivable (net)	3,689	4,954	2,759	3,430	31,158
Merchandise inventory	16,392	21,268	25,565	24,252	46,137
Other current assets	617	190	1,609	1,175	1,090
Total current assets	22,333	27,756	34,225	32,248	45,684
Fixed assets (net):					
Used in the business	1,916	2,479	2,721	2,647	5,457
Not used in the business	1,436	1,227	479	708	1,736
Total fixed assets (net)	3,352	3,706	3,200	3,355	7,193
Other assets:					
Long term investments	1,028	95	444	337	581
Other assets	352	3,138	41	988	1,534
Total other assets	1,380	3,233	485	1,325	3,763
Total assets	27,065	34,695	37,910	36,928	52,369
Liabilities					
Current liabilities:					
Accounts and notes payable	7,364	10,764	10,323	10,458	36,682
Fixed liabilities:					
Mortgages on fixed assets used in the business	353	698	576	613	—
Mortgages on fixed assets not used in the business	543	1,027	1,768	1,542	795
Total fixed liabilities	896	1,725	2,344	2,155	1,313
Other liabilities	4,428	4,192	3,701	3,851	7,039
Total liabilities	12,688	16,681	16,368	16,464	44,516
Net worth: Proprietor's or partners' equity in the business	14,377	18,014	21,542	20,464	51,319
Total liabilities and net worth	27,065	34,695	37,910	36,928	52,369
Average net sales of stores reporting	36,127	64,796	67,090	66,389	201,636
Number of stores reporting	33	11	25	36	32

TABLE 22. Independent Family Clothing Stores - Rented - Financial Structure of Incorporated Stores by Size of Business as at December 31, 1958

Item	Stores with annual net sales of				Total all sizes \$20,000 and over
	\$20,000-\$99,999	\$100,000-\$199,999	\$200,000-\$399,999	\$400,000 and over	
	average per store (dollars)				
Assets					
Current assets:					
Cash on hand and in bank	2,188	8,116	16,442	21,065	13,757
Accounts and notes receivable (net)	8,464	18,753	34,402	137,563	59,313
Merchandise inventory	34,081	42,636	65,504	139,644	78,651
Other current assets	119	1,839	14,741	10,734	8,134
Total current assets	44,852	71,344	131,089	309,006	159,855
Fixed assets (net):					
Used in the business	1,685	5,440	13,069	25,131	13,324
Not used in the business	125	46	1,253	2,461	1,169
Total fixed assets (net)	1,810	5,486	14,322	27,592	14,493
Other assets:					
Long term investments	410	3,039	7,835	14,638	7,710
Other assets	3,982	4,704	8,057	14,140	8,550
Total other assets	4,392	7,743	15,892	28,778	16,260
Total assets	51,054	84,573	161,303	365,376	190,608
Liabilities					
Current liabilities:					
Accounts and notes payable	10,320	20,970	33,911	112,280	52,010
Fixed liabilities:					
Mortgages on fixed assets used in the business	—	2,855	577	1,000	1,197
Mortgages on fixed assets not used in the business	—	—	—	500	158
Total fixed liabilities	—	2,855	577	1,500	1,355
Other liabilities	13,604	16,538	30,397	35,541	26,126
Total liabilities	23,924	40,363	64,885	149,321	79,491
Net worth:					
Capital stock	16,107	19,242	31,930	64,492	36,750
Surplus and undivided profits	11,023	24,968	64,488	151,563	74,367
Total net worth	27,130	44,210	96,418	216,055	111,117
Total liabilities and net worth	51,054	84,573	161,303	365,376	190,608
Average net sales of stores reporting	78,779	145,977	288,286	670,761	343,251
Number of stores reporting	11	19	22	24	76

INDEPENDENT FAMILY SHOE STORES

Firms included in this classification are those selling mainly men's, women's and children's shoes. Other items sold may include hosiery, gloves, handbags and luggage but the total sales of such items do not exceed 50% of total sales made by the establishment.

The operating results of family shoe stores are presented under two main classifications, namely, the unincorporated and the incorporated establishments. In the unincorporated group, family shoe stores obtained a gross profit of 29.31% in 1958, compared with 29.43% in 1956. The operating expenses, consisting of employees' salaries (7.52%),

occupancy charges (6.12%) and other overhead expenses, totalled 18.12% of net sales in 1958. The net operating profits before income tax and proprietors' salaries, were established at 11.19% of total net sales.

In the incorporated sector of the trade, gross profits were 33.21% of total net sales, as compared to 33.49% in 1956. The operating expenses, of which employees' salaries were 17.29% and occupancy charges 6.68%, amounted to 29.84% of total net sales; net profit before income tax was 3.37% of total net sales in 1958.

TABLE 23. Independent Family Shoe Stores — Operating Results for 1952-58

Item	Unincorporated				Incorporated ¹			
	1952	1954	1956	1958	1952	1954	1956	1958
	per cent of net sales							
Gross profit	27.21	27.77	29.43	29.31	30.06	31.49	33.49	33.21
Operating expenses:								
Employees' salaries	7.07	7.74	7.46	7.52	15.74	16.98	18.13	17.29
Occupancy	5.33	5.76	6.42	6.12	6.15	6.54	6.55	6.68
Office and store supplies	0.51	0.47	0.53	0.49	0.49	0.59	0.56	0.52
Advertising	1.04	1.10	1.31	1.30	1.77	1.99	2.16	2.07
All other expenses	2.13	2.48	2.46	2.69	2.89	2.90	3.00	3.28
Total operating expenses	16.08	17.55	18.18	18.12	27.04	29.00	30.40	29.84
Net operating profit before deduction of proprietors' salaries and income tax, and addition of net non-trading income	11.13	10.22	11.25	11.19	3.02	2.49	3.09	3.37

¹ Covers only rented stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 24. Independent Family Shoe Stores — Balance Sheet Ratios as at December 31, 1952-58

	Unincorporated				Incorporated			
	1952	1954	1956	1958	1952	1954	1956	1958
Current ratio — Owned	3.88	3.41	3.60	4.74	—	—	—	—
Rented	3.21	3.39	3.53	3.64	2.62	2.40	3.20	3.64
Liquidity ratio — Owned	0.92	0.80	0.70	1.34	—	—	—	—
Rented	0.75	0.63	0.65	0.81	0.55	0.45	0.61	0.81
Working capital to net worth ratio — Owned	0.69	0.66	0.66	0.70	—	—	—	—
Rented	0.91	0.94	0.98	0.98	0.77	0.74	0.98	0.98
Worth debt ratio — Owned	2.45	1.98	2.28	2.49	—	—	—	—
Rented	2.10	2.09	1.82	1.73	2.01	1.64	1.35	1.73
Turnover of total capital employed — Owned	1.36	1.14	1.23	1.23	—	—	—	—
Rented	1.93	2.04	2.04	2.17	1.89	1.85	1.83	2.17

Note: See page 22 for definitions.

TABLE 25. Independent Family Shoe Stores—Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of		Rented stores with annual net sales of				Total ¹
	\$20,000- \$49,999	\$50,000- \$99,999	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Number of stores reporting	48	19	17	71	86	36	300
Average net sales per store	\$ 32,451	\$ 66,384	\$ 16,418	\$ 34,399	\$ 71,335	\$ 146,302	\$ 72,986
Average beginning inventory	\$ 15,218	\$ 23,925	\$ 9,436	\$ 14,531	\$ 25,112	\$ 38,687	\$ 24,813
Average inventory, end of year	\$ 15,294	\$ 22,895	\$ 9,291	\$ 14,420	\$ 24,829	\$ 38,172	\$ 24,379
Average cost of goods sold	\$ 23,380	\$ 48,094	\$ 11,508	\$ 24,425	\$ 49,909	\$ 99,979	\$ 51,140
Stock turnover (times per year)	1.53	2.05	1.23	1.69	2.00	2.60	2.08
Profit and loss data (Per cent of net sales)							
Gross profit	27.95	27.55	29.91	28.99	30.04	31.66	29.31
Operating expenses:							
Employees' salaries and wages (except delivery)	4.36	7.61	7.33	6.26	8.29	9.77	7.52
Delivery	0.30	0.29	0.26	0.22	0.39	0.21	0.27
Occupancy expenses:							
Taxes	1.24	0.76	0.79	0.47	0.44	0.41	0.70
Insurance	0.87	0.66	0.81	0.60	0.62	0.42	0.64
Rent	1.08	—	6.21	4.62	3.98	3.63	2.75
Heat, light and power	—	0.79	1.48	0.74	0.53	0.48	0.74
Repairs and maintenance	0.88	0.72	0.20	0.38	0.43	0.32	0.55
Depreciation allowances	1.12	1.23	0.63	0.61	0.56	0.51	0.74
Total occupancy expenses	5.19	4.16	10.12	7.42	6.56	5.77	6.12
Office and store supplies	0.53	0.39	0.54	0.64	0.41	0.53	0.49
Advertising	1.09	0.93	0.54	1.22	1.31	1.90	1.30
Net loss on bad debts	0.05	0.01	0.06	0.07	0.03	0.02	0.05
All other expenses	2.61	2.17	1.99	2.16	2.16	2.30	2.37
Total operating expenses	14.13	15.56	20.84	17.99	19.15	20.50	18.12
Net operating profit	13.82	11.99	9.07	11.00	10.89	11.16	11.19
Non-trading income	2.73	1.41	0.01	0.31	0.04	0.15	0.83
Non-trading expense	1.07	0.18	—	—	0.07	0.15	0.18
Net profit before deduction of proprietor's salaries and income tax	15.48	13.22	9.08	11.31	10.86	11.16	11.84

¹ Average and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 26. Independent Family Shoe Stores—Operating Results of Rented Incorporated Stores by Annual Sales Volume, 1958

Item	Rented stores with annual net sales of			Total ¹
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Number of stores reporting	14	37	55	106
Average net sales per store	\$ 37,046	\$ 73,576	\$ 177,206	\$ 133,559
Average beginning inventory	\$ 19,210	\$ 26,167	\$ 55,483	\$ 43,483
Average inventory, end of year	\$ 17,386	\$ 28,229	\$ 57,525	\$ 44,567
Average cost of goods sold	\$ 25,954	\$ 49,511	\$ 116,983	\$ 88,588
Stock turnover (times per year)	1.42	1.89	2.07	2.01
Profit and loss data (Per cent of net sales)				
Gross profit	29.94	32.71	33.98	33.21
Operating expenses:				
Executives' and employees' salaries and wages etc. (except delivery)	18.21	16.59	17.45	17.29
Delivery	0.39	0.25	0.26	0.27
Occupancy expenses:				
Taxes	0.78	0.34	0.46	0.46
Insurance	0.63	0.53	0.50	0.52
Rent	5.56	4.14	3.79	4.08
Heat, light and power	1.15	0.65	0.47	0.59
Repairs and maintenance	0.48	0.37	0.32	0.35
Depreciation allowances	0.58	0.82	0.64	0.68
Total occupancy expenses	9.18	6.85	6.18	6.66
Office and store supplies	0.46	0.38	0.59	0.52
Advertising	1.85	1.71	2.28	2.07
Net loss on bad debts	0.11	0.05	0.05	0.06
All other expenses	5.42	2.72	2.65	2.95
Total operating expenses	35.62	28.55	29.46	29.84
Net operating profit	5.08 ²	4.16	4.52	3.37
Non-trading income	1.23	0.17	0.29	0.35
Non-trading expense	—	0.09	0.06	0.06
Net profit before provision for income tax	4.48 ²	4.24	4.75	3.66

¹ Average and ratios "weighted" according to the 1951 Census weights of all sales sizes for independent stores.² Net operating loss.

TABLE 27. Independent Family Shoe Stores — Owned — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of				Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000- \$99,999	
	Under 10 years	10 years and over	Total		
average per store (dollars)					
Assets					
Current assets:					
Cash on hand and in bank	2,139	2,382	2,321	5,621	3,506
Accounts and notes receivable (net)	120	543	437	866	725
Merchandise inventory	15,702	15,475	15,532	22,895	21,612
Other current assets	110	4,671	3,531	1,434	4,251
Total current assets	18,071	23,071	21,821	30,816	30,094
Fixed assets (net):					
Used in the business	10,651	8,009	8,670	15,533	13,681
Not used in the business	683	1,877	1,578	1,009	2,396
Total fixed assets (net)	11,334	9,886	10,248	16,542	16,077
Other assets:					
Long term investments	—	989	742	862	1,493
Other assets	42	417	323	7	202
Total other assets	42	1,406	1,065	869	1,695
Total assets	29,447	34,363	33,134	48,227	47,866
Liabilities					
Current liabilities:					
Accounts and notes payable	5,041	4,170	4,387	6,292	6,348
Fixed liabilities:					
Mortgages on fixed assets used in the business	5,236	2,221	2,975	3,388	3,976
Mortgages on fixed assets not used in the business	—	65	49	261	101
Total fixed liabilities	5,236	2,286	3,024	3,649	4,077
Other liabilities	4,371	1,659	2,337	2,276	3,299
Total liabilities	14,648	8,115	9,748	12,217	13,724
Net worth: Proprietor's or partner's equity in the business	14,799	26,248	23,386	36,010	34,142
Total liabilities and net worth	29,447	34,363	33,134	48,227	47,866
Average net sales of stores reporting	33,192	32,474	32,654	66,384	54,184
Number of stores reporting	11	33	44	19	71

TABLE 28. Independent Family Shoe Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of						Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	average per store (dollars)						
Assets							
Current assets:							
Cash on hand and in bank	649	1,894	1,511	3,346	3,651	3,566	10,024
Accounts and notes receivable (net)	351	288	307	920	1,276	1,176	2,455
Merchandise inventory	15,321	13,913	14,346	22,391	25,318	24,497	38,172
Other current assets	542	1,661	1,318	995	1,024	1,016	3,224
Total current assets	16,863	17,756	17,482	27,652	31,269	30,255	53,875
Fixed assets (net):							
Used in the business	1,482	880	1,065	3,419	1,775	2,236	7,615
Not used in the business	719	1,701	1,399	140	114	121	2,441
Total fixed assets (net)	2,201	2,581	2,464	3,559	1,889	2,357	10,056
Other assets:							
Long term investments	—	579	401	223	149	170	2,961
Other assets	121	191	169	265	196	215	1,304
Total other assets	121	770	570	488	345	385	4,265
Total assets	19,185	21,107	20,516	31,699	33,503	32,997	68,196
Liabilities							
Current liabilities:							
Accounts and notes payable	6,271	4,323	4,923	11,153	7,505	8,529	14,145
Fixed liabilities:							
Mortgages on fixed assets used in the business	974	127	388	1,330	305	592	1,936
Mortgages on fixed assets not used in the business	108	489	371	—	—	—	389
Total fixed liabilities	1,082	616	759	1,330	305	592	2,325
Other liabilities	2,088	1,703	1,821	4,316	3,303	3,587	7,118
Total liabilities	9,441	6,642	7,503	16,799	11,113	12,708	23,588
Net worth: Proprietor's or partner's equity in the business	9,744	14,465	13,013	14,900	22,390	20,289	44,608
Total liabilities and net worth	19,185	21,107	20,516	31,699	33,503	32,997	68,196
Average net sales of stores reporting	35,714	34,844	35,112	72,544	70,444	71,033	146,302
Number of stores reporting	20	45	65	23	59	82	36

TABLE 29. Independent Family Shoe Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000—\$99,999			\$100,000 and over			
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	average per store (dollars)							
Assets								
Current assets:								
Cash on hand and in bank.....	1,649	4,011	4,729	4,530	6,441	9,034	8,232	6,085
Accounts and notes receivable (net).....	1,092	797	1,063	989	1,747	7,888	5,989	3,622
Merchandise inventory.....	17,369	23,250	27,437	26,274	39,330	65,664	57,525	41,456
Other current assets.....	4,797	1,496	527	796	3,329	4,208	3,937	2,975
Total current assets.....	24,907	29,554	33,756	32,589	50,847	86,794	75,683	54,138
Fixed assets (net):								
Used in the business.....	2,430	1,887	3,430	3,002	14,561	4,552	7,646	5,358
Not used in the business.....	138	284	106	155	99	663	488	328
Total fixed assets (net).....	2,568	2,171	3,536	3,157	14,660	5,215	8,134	5,686
Other assets:								
Long term investments.....	107	60	722	538	4,265	5,842	5,355	3,004
Other assets.....	1,988	2,230	4,226	3,672	18,365	6,185	9,950	6,735
Total other assets.....	2,095	2,290	4,948	4,210	22,630	12,027	15,305	9,739
Total assets.....	29,570	34,015	42,240	39,956	88,137	104,036	99,122	69,563
Liabilities								
Current liabilities:								
Accounts and notes payable.....	9,029	12,801	9,148	10,163	29,309	21,602	23,984	17,251
Fixed liabilities:								
Mortgages on fixed assets used in the business.....	—	—	—	—	4,390	411	1,641	860
Mortgages on fixed assets not used in the business.....	—	—	—	—	—	—	—	—
Total fixed liabilities.....	—	—	—	—	4,390	411	1,641	860
Other liabilities.....	2,832	6,080	3,311	4,080	24,027	14,079	17,154	10,762
Total liabilities.....	11,861	18,881	12,459	14,243	57,726	36,092	42,779	28,873
Net worth:								
Capital stock.....	14,983	9,654	12,802	11,928	18,030	31,701	27,476	20,479
Surplus and undivided profits.....	2,726	5,480	16,979	13,785	12,381	36,243	28,867	20,211
Total net worth.....	17,709	15,134	29,781	25,713	30,411	67,944	56,343	40,690
Total liabilities and net worth.....	29,570	34,015	42,240	39,956	88,137	104,036	99,122	69,563
Average net sales of stores reporting.....	37,046	71,905	74,271	73,614	162,647	183,719	177,206	123,001
Number of stores reporting.....	14	10	26	36	17	38	55	105

DEFINITIONS

PROFIT AND LOSS

Items

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Purchases — are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses; duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.)

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income — interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expense — interest expense, rental expense, any other expenses not pertaining to the business.

Ratios

Stock turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross profit ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating expense ratios — each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net operating profit ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

BALANCE SHEET

Asset Items

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — Includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the cost value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investments of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth Items

Current liabilities — obligations which must be paid in the near future (usually one year) and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

— Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

Ratios

Current ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to

examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

Liquidity ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working capital to net worth ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-debt ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of total capital employed — $\text{Net Sales} \div \text{Total Assets}$ used in the business — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

CATALOGUE No.

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11

OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL CLOTHING STORES
1960

(Independent)



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OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL CLOTHING STORES

(Independent)

1960

INTRODUCTION

This report is a continuation of the practice of the Dominion Bureau of Statistics to publish operating results and financial structure for selected trades primarily as a guide for retailers. The averages and ratios that are shown in this report can be used as a standard by which businessmen can compare their own operating experience. The pattern of expenditures and financial ratios by size and age of business permits direct analysis of operating results for the year. It should be borne in mind, however, that the averages and ratios as published in this report do not represent top performance guides. They are the "average" of a broad range of operational efficiencies.

This report is similar in content to the previous operating results reports issued for this trade. It is important to note that the data shown in this bulletin have been obtained from a co-operative panel of firms which are classified as clothing stores. An attempt is made in some tables to adjust these data in order to arrive at averages and ratios which are representative of the trades as a whole. These adjusted data are footnoted in various tables of the report. The remaining averages and ratios published in this report have not been weighted and therefore represent the averages and ratios obtained from a reporting panel of firms in each cell.

Note: Profit and loss and balance sheet definitions are shown on the last pages of this report.

INDEPENDENT MEN'S CLOTHING STORES

For the purpose of this report, independent men's clothing stores are defined as follows: Retail establishments selling mainly men's and boys' ready-made clothing. These establishments may sell such men's and boys' accessories as hats, shoes, underwear, shirts, gloves etc., but the sales of these items may not exceed 80 per cent of total sales.

The results of this survey indicate that the gross profit for both unincorporated and incorporated men's clothing stores increased during 1960, reaching a high of 28.84 per cent and 31.47 per cent of total sales respectively.

The operating expenses for both the unincorporated and incorporated stores, however, increased

to a greater extent than the gross profit thereby decreasing the net operating profit in 1960 as compared to 1958. In both the unincorporated and incorporated sectors, the largest increase in operating expenses was in employees salaries which increased from 6.62 per cent of sales in 1958 to 6.85 per cent in 1960 for the unincorporated firms and 15.55 per cent in 1958 to 16.13 per cent in 1960 for the incorporated firms.

In summary, the net operating profit for unincorporated firms for 1960 was 9.46 per cent of net sales, a decrease of 0.93 from the 10.39 per cent registered in 1958. The net operating profit for incorporated firms also decreased from the 2.67 per cent in 1958 to 1.50 per cent in 1960.

TABLE 1. Independent Men's Clothing Stores — Operating Results for 1954-60

Item	Unincorporated				Incorporated			
	1954	1956	1958	1960	1954	1956	1958	1960
	per cent of net sales							
Gross profit	27.02	28.17	28.55	28.84	29.83	30.76	30.89	31.47
Operating expenses:								
Employees' salaries	6.43	6.20	6.62	6.85	15.75	14.90	15.55	16.13
Occupancy	5.74	5.92	5.90	6.66	6.09	5.85	6.01	6.28
Office and store supplies	0.58	0.60	0.56	0.55	0.67	0.64	0.65	0.98
Advertising	1.41	1.43	1.36	1.31	2.14	2.06	2.31	2.34
All other expenses	3.42	3.16	3.72	4.01	3.44	3.69	3.70	4.24
Total operating expenses	17.58	17.31	18.16	19.38	28.09	27.14	28.22	29.97
Net operating profit before deduction of proprietors' salaries and income tax, and addition of net non-trading income	9.44	10.86	10.39	9.46	1.74	3.62	2.67	1.50

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 2. Independent Men's Clothing Stores — Balance Sheet Ratios as at December 31, 1954-60

Item	Unincorporated				Incorporated			
	1954	1956	1958	1960	1954	1956	1958	1960
Current ratio—Owned	3.09	3.46	4.12	2.98	1.89	3.99	3.40	3.92
Rented	3.12	2.99	2.96	2.76	2.88	3.01	2.73	2.77
Liquidity ratio—Owned	1.09	1.39	1.37	0.96	0.71	1.88	1.31	1.42
Rented	0.96	0.95	0.88	0.79	0.96	1.05	0.97	0.88
Working capital to net worth ratio—Owned	0.60	0.72	0.71	0.61	0.52	0.70	0.67	0.39
Rented	0.90	0.94	0.92	0.91	0.93	0.98	0.88	0.93
Worth debt ratio—Owned	2.30	2.00	2.16	1.90	1.06	1.52	1.47	2.21
Rented	1.86	1.60	1.55	1.49	1.37	1.22	1.36	1.30
Turnover of total capital employed—Owned	1.12	1.24	1.31	1.35	1.00	0.98	1.16	0.90
Rented	1.79	1.86	1.87	1.88	1.62	1.79	1.87	1.80

Note: See page 22 for definitions.

TABLE 3. Independent Men's Clothing Stores—Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis, 1960

Item	Owned stores with annual net sales of			Rented stores with annual net sales of				Total ¹
	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
Number of stores reporting	24	22	18	20	86	58	21	262
Average net sales per store	\$ 32,244	70,272	156,231	16,128	33,280	69,133	137,506	79,070
Average beginning inventory	14,370	24,492	48,450	8,480	13,545	24,684	41,335	26,616
Average inventory, end of year	\$ 13,950	24,277	49,759	8,152	13,177	24,521	40,370	26,381
Average cost of goods sold	\$ 22,931	51,145	110,714	11,203	23,152	49,468	98,391	56,399
Stock turnover (times per year)	1.62	2.10	2.25	1.35	1.73	2.01	2.41	2.13
Profit and loss data (Per cent of net sales)								
Gross profit	28.88	27.22	29.13	30.53	30.43	28.44	28.44	28.84
Operating expenses:								
Employees' salaries and wages, (except delivery)	6.70	6.51	9.02	2.12	4.90	7.18	8.70	6.85
Delivery	0.49	0.30	0.97	0.37	0.45	0.36	0.53	0.48
Occupancy expenses:								
Taxes	1.24	1.04	0.85	0.70	0.52	0.42	0.33	0.69
Insurance	0.79	0.83	0.73	1.12	0.87	0.80	0.71	0.81
Rent	—	—	—	6.99	5.56	3.82	3.36	2.93
Heat, light and power	1.22	0.91	0.75	2.00	0.93	0.68	0.51	0.87
Repairs and maintenance	0.62	0.82	0.65	0.42	0.37	0.46	0.40	0.51
Depreciation allowances	0.54	1.22	1.28	0.84	0.93	0.69	0.69	0.85
Total occupancy expenses	4.41	4.82	4.26	12.07	9.18	6.87	6.00	6.66
Office and store supplies	0.47	0.50	0.59	0.62	0.61	0.55	0.48	0.55
Advertising	0.60	1.11	1.73	0.74	1.19	1.53	1.58	1.31
Net loss on bad debts	0.06	0.29	0.35	0.49	0.17	0.35	0.49	0.34
All other expenses	2.91	3.53	3.30	3.46	3.55	3.02	2.87	3.19
Total operating expenses	15.64	17.06	20.22	19.87	20.05	19.86	20.65	19.38
Net operating profit	13.24	10.16	8.91	10.66	10.38	8.58	7.79	9.46
Non-trading income	2.53	1.03	1.50	0.52	0.47	0.27	0.36	0.84
Non-trading expense	1.45	0.37	0.14	—	0.12	0.09	0.16	0.29
Net profit before deduction of proprietors' salaries and income tax	14.32	10.82	10.27	11.18	10.73	8.76	7.99	10.01

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.**TABLE 4. Independent Men's Clothing Stores—Operating Results of Incorporated Stores by Annual Sales Volume and Occupancy Basis, 1960**

Item	Owned stores	Rented stores with annual net sales of			Total ¹
		\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
Number of stores reporting	10	17	36	57	122
Average net sales per store	\$ 106,218	36,658	79,382	186,021	150,220
Average beginning inventory	\$ 36,411	16,165	31,061	53,860	46,357
Average inventory, end of year	\$ 32,763	16,700	30,270	56,203	46,761
Average cost of goods sold	\$ 73,066	25,331	55,391	125,801	102,602
Stock turnover (times per year)	2.11	1.54	1.81	2.29	2.20
Profit and loss data (Per cent of net sales)					
Gross profit	31.21	30.90	30.22	32.37	31.47
Operating expenses:					
Executives' and employees' salaries and wages, etc. (except delivery)	17.40	16.94	15.99	16.01	16.13
Delivery	0.18	0.31	0.37	0.33	0.30
Occupancy expenses:					
Taxes	1.25	0.62	0.55	0.49	0.61
Insurance	0.85	0.75	0.76	0.56	0.66
Rent	—	5.50	4.38	3.57	3.07
Heat, light and power	0.92	1.27	0.75	0.55	0.69
Repairs and maintenance	0.82	0.18	0.50	0.48	0.50
Depreciation allowances	1.10	0.32	0.62	0.74	0.75
Total occupancy expenses	4.94	8.64	7.56	6.39	6.28
Office and store supplies	1.58	0.59	0.63	0.62	0.98
Advertising	2.52	1.11	2.10	2.38	2.34
Net loss on bad debts	0.40	0.22	0.29	0.37	0.36
All other expenses	4.03	3.72	3.50	3.39	3.58
Total operating expenses	31.05	31.53	30.44	29.49	29.97
Net operating profit	0.16	0.83 ²	0.22 ²	2.88	1.50
Non-trading income	2.15	1.33	0.34	0.38	0.59
Non-trading expense	0.02	0.90	0.07	0.02	0.08
Net profit before provision for income tax	2.29	0.20 ²	0.05	3.24	2.01

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.² Net operating loss.

TABLE 5. Independent Men's Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1960

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
	average per store (dollars)			
Assets				
Current assets:				
Cash on hand and in bank	4,613	5,999	10,864	6,847
Accounts and notes receivable (net)	1,143	3,526	10,599	4,622
Merchandise inventory	14,102	24,277	49,759	27,628
Other current assets	1,441	688	3,162	1,666
Total current assets	21,299	34,490	74,384	40,783
Fixed assets (net):				
Used in the business	8,539	17,486	31,056	17,948
Not used in the business	2,228	5,320	5,932	4,332
Total fixed assets (net)	10,767	22,806	36,988	22,280
Other assets:				
Long term investments	1,188	3,302	7,256	3,621
Other assets	573	11	1,970	773
Total other assets	1,761	3,313	9,226	4,394
Total assets	33,827	60,609	120,598	67,437
Liabilities				
Current liabilities:				
Accounts and notes payable	5,424	9,907	29,217	13,657
Fixed liabilities:				
Mortgages on fixed assets used in the business	1,610	4,779	10,128	5,095
Mortgages on fixed assets not used in the business	—	1,039	2,545	1,867
Total fixed liabilities	1,610	5,818	12,673	6,962
Other liabilities	2,118	3,322	5,175	2,597
Total liabilities	9,152	19,047	47,065	23,216
Net worth: Proprietor's or partners' equity in the business	24,675	41,562	73,533	44,221
Total liabilities and net worth	33,827	60,609	120,598	67,437
Average net sales of stores reporting	32,864	70,272	156,231	80,420
Number of stores reporting	24	22	18	64

TABLE 6. Independent Men's Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1960

Item	Stores with annual net sales of						\$100,000 and over	Total all sizes \$20,000 and over
	\$20,000-49,999			\$50,000-99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
average per store (dollars)								
Assets								
Current assets:								
Cash on hand and in bank	1,705	2,539	2,388	3,235	4,783	4,423	5,245	3,475
Accounts and notes receivable (net)	1,087	1,310	1,270	5,581	4,236	4,548	10,024	3,566
Merchandise inventory	11,837	13,284	13,023	27,604	23,575	24,511	40,370	20,633
Other current assets	109	1,051	880	548	1,855	1,552	1,289	1,169
Total current assets	14,738	18,184	17,561	36,968	34,449	35,034	56,928	28,843
Fixed assets (net):								
Used in the business	1,036	1,085	1,076	2,673	1,781	1,988	7,056	2,180
Not used in the business	173	1,503	1,262	115	979	778	6,343	1,760
Total fixed assets (net)	1,209	2,588	2,338	2,788	2,760	2,766	13,399	3,940
Other assets:								
Long term investments	—	510	418	891	154	325	46	337
Other assets	6	876	719	562	289	352	1,076	637
Total other assets	6	1,386	1,137	1,453	443	677	1,122	974
Total assets	15,953	22,158	21,036	41,209	37,652	38,477	71,449	33,757
Liabilities								
Current liabilities:								
Accounts and notes payable	5,647	6,152	6,061	14,297	12,441	12,872	21,219	10,434
Fixed liabilities:								
Mortgages on fixed assets used in the business	—	88	72	—	—	—	2,476	362
Mortgages on fixed assets not used in the business	—	323	264	—	242	186	1,452	393
Total fixed liabilities	—	411	336	—	242	186	3,928	755
Other liabilities	1,651	1,125	1,220	5,723	2,232	3,042	5,256	2,388
Total liabilities	7,298	7,688	7,617	20,020	14,915	16,100	30,403	13,577
Net worth: Proprietor's or partners' equity in the business	8,655	14,470	13,419	21,189	22,737	22,377	41,046	20,180
Total liabilities and net worth	15,953	22,158	21,036	41,209	37,652	38,477	71,449	33,757
Average net sales of stores reporting	32,935	33,412	33,326	74,410	67,661	69,228	137,506	59,565
Number of stores reporting	15	68	83	13	43	56	21	160

**TABLE 7. Independent Men's Clothing Stores — Owned — Financial Structure of Incorporated Stores
as at December 31, 1960**

Item	Total all sizes \$20,000 and over average per store (dollars)
Assets	
Current assets:	
Cash on hand and in bank	7,433
Accounts and notes receivable (net)	11,061
Merchandise inventory	37,579
Other current assets	2,735
Total current assets	58,808
Fixed assets (net):	
Used in the business	84,289
Not used in the business	1,215
Total fixed assets (net)	85,504
Other assets:	
Long term investments	2,797
Other assets	15,197
Total other assets	17,994
Total assets	162,306
Liabilities	
Current liabilities:	
Accounts and notes payable	14,992
Fixed liabilities:	
Mortgages on fixed assets used in the business	12,841
Mortgages on fixed assets not used in the business	—
Total fixed liabilities	12,841
Other liabilities	22,759
Total liabilities	50,592
Net worth:	
Capital stock	60,351
Surplus and undivided profits	51,363
Total net worth	111,714
Total liabilities and net worth	162,306
Average net sales of stores reporting	142,981
Number of stores reporting	11

**TABLE 8. Independent Men's Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size and
Age of Business as at December 31, 1960**

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000- 49,999	\$50,000 - 99,999			\$100,000 and over			
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
average per store (dollars)								
Assets								
Current assets:								
Cash on hand and in bank	3,286	2,380	4,080	3,497	8,621	7,806	8,045	5,839
Accounts and notes receivable (net)	1,797	7,891	5,465	6,297	18,758	18,207	18,368	11,875
Merchandise inventory	17,015	30,082	30,318	30,237	47,440	58,965	55,587	41,339
Other current assets	910	313	1,133	852	815	3,171	2,480	1,712
Total current assets	23,008	40,666	40,996	40,883	75,634	88,149	84,480	60,765
Fixed assets (net):								
Used in the business	1,809	3,989	2,861	3,248	4,048	8,944	7,509	5,241
Not used in the business	1,182	309	489	427	819	1,491	1,294	1,002
Total fixed assets (net)	2,991	4,298	3,350	3,675	4,867	10,435	8,803	6,243
Other assets:								
Long term investments	781	—	1,332	875	2,980	2,346	2,532	1,728
Other assets	1,587	4,540	3,836	4,078	9,577	5,163	6,457	4,917
Total other assets	2,368	4,540	5,168	4,953	12,557	7,509	8,989	6,643
Total assets	28,367	49,504	49,514	49,511	93,058	106,093	102,272	73,651
Liabilities								
Current liabilities:								
Accounts and notes payable	7,954	17,957	14,434	15,642	28,967	30,590	30,114	21,957
Fixed liabilities:								
Mortgages on fixed assets used in the business	—	—	—	—	116	—	34	18
Mortgages on fixed assets not used in the business	667	—	—	—	—	—	—	108
Total fixed liabilities	667	—	—	—	116	—	34	126
Other liabilities	6,509	9,043	4,138	5,820	17,092	12,161	13,606	10,000
Total liabilities	15,130	27,000	18,572	21,462	46,175	42,751	43,754	32,083
Net worth:								
Capital stock	8,664	16,408	18,586	17,839	16,325	28,157	24,689	19,930
Surplus and undivided profits	4,573	6,096	12,356	10,210	30,558	35,185	33,829	21,638
Total net worth	13,237	22,504	30,942	28,049	46,883	63,342	58,518	41,568
Total liabilities and net worth	28,367	49,504	49,514	49,511	93,058	106,093	102,272	73,651
Average net sales of stores reporting	37,372	80,385	79,346	79,702	178,579	187,673	185,008	127,862
Number of stores reporting	18	12	23	35	17	41	58	11

INDEPENDENT WOMEN'S CLOTHING STORES

For the purpose of this report, independent women's clothing stores are defined as follows: Retail establishments selling mainly women's ready-to-wear coats, suits and dresses, with or without women's accessories, such as hosiery, lingerie, millinery, etc. Establishments selling piece goods in excess of 50 per cent of total sales are excluded from this category. As well, those retail establishments that specialize in single lines such as millinery or furs are excluded.

The operating results for this trade are presented under two main categories—unincorporated and incorporated business establishments.

In the unincorporated sector, the gross profit of women's clothing stores increased to 29.92 per cent of net sales as compared to 28.78 per cent in

1958. The increase in gross profit, however, was more than offset by increases in operating expenses which rose from 20.26 per cent of net sales in 1958 to 21.82 per cent in 1960. The net operating profit before deduction of proprietors' salaries and income tax declined to 8.10 per cent of net sales as compared to the 8.52 per cent—registered in 1958.

In the incorporated sector, the gross profit of women's clothing rose to 32.51 per cent of net sales as compared to 31.91 per cent in 1958. The operating expenses also increased—from 30.43 per cent in 1958 to 30.61 per cent in 1961—but the increase was not sufficiently large to offset the improvement in the gross profit ratio. The result was that the net operating profit for the incorporated women's clothing stores rose to 1.90 per cent of net sales in 1960 as compared to 1.48 per cent in 1958.

TABLE 9. Independent Women's Clothing Stores—Operating Results for 1954-60

Item	Unincorporated				Incorporated ¹			
	1954	1956	1958	1960	1954	1956	1958	1960
	per cent of net sales							
Gross profit	27.38	28.29	28.78	29.92	31.23	31.78	31.91	32.51
Operating expenses:								
Employees' salaries	8.09	7.78	7.54	8.49	16.57	15.85	17.02	16.75
Occupancy	6.44	6.49	7.15	7.55	7.08	7.02	6.94	7.21
Office and store supplies	0.66	0.69	0.73	0.71	0.77	0.83	0.88	0.87
Advertising	1.10	1.05	0.97	1.06	1.63	1.62	1.76	1.86
All other expenses	3.49	3.55	3.87	4.01	3.18	3.29	3.83	3.92
Total operating expenses	19.78	19.56	20.26	21.82	29.23	28.61	30.43	30.61
Net operating profit before deduction of proprietors' salaries and income tax, and addition of net non-trading income	7.60	8.73	8.52	8.10	2.00	3.17	1.48	1.90

¹ Covers only rented stores.

Notes: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 10. Independent Women's Clothing Stores—Balance Sheet Ratios as at December 31, 1954-60

Item	Unincorporated				Incorporated			
	1954	1956	1958	1960	1954	1956	1958	1960
Current ratio—Owned	2.66	2.95	2.55	2.82	—	—	—	—
Rented	2.17	2.71	2.51	2.31	2.32	2.76	2.29	2.37
Liquidity ratio—Owned	0.99	1.08	0.79	1.08	—	—	—	—
Rented	0.92	1.08	0.97	0.88	1.18	1.46	1.17	1.19
Working capital to net worth ratio—Owned	0.54	0.59	0.49	0.53	—	—	—	—
Rented	0.79	0.91	0.85	0.83	0.74	0.83	0.74	0.69
Worth debt ratio—Owned	1.96	1.69	2.14	2.45	—	—	—	—
Rented	1.18	1.16	1.20	1.12	1.49	1.56	1.38	1.26
Turnover of total capital employed—Owned	1.67	1.60	1.80	1.51	—	—	—	—
Rented	2.44	2.55	2.60	2.53	2.64	2.45	2.51	2.48

Note: See page 22 for definitions.

TABLE 11. Independent Women's Clothing Stores — Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis, 1960

Item	Owned stores with annual net sales of			Rented stores with annual net sales of				Total ¹
	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
Number of stores reporting	11	22	17	29	68	52	25	242
Average net sales per store	\$ 15,991	30,068	67,050	15,848	34,386	72,951	145,194	67,147
Average beginning inventory	9,934	11,179	20,224	5,528	9,345	15,092	20,729	13,952
Average inventory, end of year	9,244	11,015	20,063	5,485	9,003	15,945	21,229	14,370
Average cost of goods sold	\$ 12,049	21,296	46,901	10,954	24,320	50,212	101,501	46,939
Stock turnover (times per year)	1.26	1.92	2.33	1.99	2.57	3.24	4.84	3.31
Profit and loss data (Per cent of net sales)								
Gross profit	24.65	29.17	30.04	30.88	29.27	31.17	30.09	29.92
Operating expenses:								
Employees' salaries and wages, (except delivery)	3.36	7.63	9.22	3.90	7.03	9.72	11.51	8.49
Delivery	0.84	0.55	0.48	0.59	0.42	0.48	0.26	0.44
Occupancy expenses:								
Taxes	2.43	1.67	1.17	0.67	0.47	0.40	0.43	0.76
Insurance	0.79	0.99	1.10	0.82	0.67	0.72	0.48	0.75
Rent	—	—	—	7.70	5.35	4.30	4.13	3.65
Heat, light and power	1.97	1.46	0.89	1.25	0.80	0.68	0.53	0.90
Repairs and maintenance	0.78	1.11	0.67	0.55	0.40	0.66	0.56	0.64
Depreciation allowances	0.08	1.34	1.51	0.50	0.69	0.71	0.94	0.85
Total occupancy expenses	6.05	6.57	5.34	11.49	8.58	7.47	7.07	7.55
Office and store supplies	0.67	0.85	0.72	0.72	0.59	0.81	0.76	0.71
Advertising	0.78	1.42	1.12	1.00	0.69	1.17	1.48	1.06
Net loss on bad debts	0.15	0.21	0.11	0.05	0.02 ²	0.15	0.18	0.11
All other expenses	3.48	3.67	2.96	3.57	3.31	2.71	4.37	3.46
Total operating expenses	15.33	20.08	20.25	21.32	20.60	22.51	25.63	21.82
Net operating profit	9.32	9.09	9.79	9.56	8.67	8.66	4.46	8.10
Non-trading income	0.73	2.96	0.96	0.28	0.40	0.54	0.38	0.76
Non-trading expense	0.59	0.74	0.17	0.13	0.01	—	0.05	0.14
Net profit before deduction of proprietors' salaries and income tax	9.46	11.31	10.58	9.71	9.06	9.20	4.79	8.72

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.² Recovery of bad debts—excess of amount written off.

TABLE 12. Independent Women's Clothing Stores—Operating Results of Rented Incorporated Stores by Annual Sales Volume, 1960

Item	Rented stores with annual net sales of			Total ¹
	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
Number of stores reporting	14	20	37	77
Average net sales per store	\$ 33,863	76,626	194,003	154,180
Average beginning inventory	10,414	18,395	22,777	23,591
Average inventory, end of year	10,029	18,283	24,100	24,540
Average cost of goods sold	\$ 22,360	52,331	129,837	103,511
Stock turnover (times per year)	2.19	2.85	5.54	4.30
Profit and loss data (Per cent of net sales)				
Gross profit	33.97	31.71	33.07	32.51
Operating expenses:				
Executives' and employees' salaries and wages, etc. (except delivery)	19.01	15.19	17.35	16.75
Delivery	0.32	0.45	0.24	0.29
Occupancy expenses:				
Taxes	0.89	0.39	0.50	0.58
Insurance	0.65	0.58	0.54	0.60
Rent	8.02	4.75	3.55	3.73
Heat, light and power	0.95	0.72	0.54	0.68
Repairs and maintenance	0.46	0.60	0.72	0.62
Depreciation allowances	0.50	0.66	1.16	1.00
Total occupancy expenses	11.47	7.70	7.01	7.21
Office and store supplies	0.59	0.96	0.86	0.87
Advertising	1.06	1.67	1.82	1.86
Net loss on bad debts	0.07	0.03	0.18	0.14
All other expenses	3.22	3.78	2.98	3.49
Total operating expenses	35.74	29.78	30.44	30.61
Net operating profit	1.77 ²	1.93	2.63	1.90
Non-trading income	2.54	0.51	1.28	1.22
Non-trading expense	1.74	0.01	0.05	0.19
Net profit before provision for income tax	0.97 ²	2.43	3.86	2.93

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.² Net operating loss.

TABLE 13. Independent Women's Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1960

Item	Stores with annual net sales of		Total all sizes \$20,000 and over
	\$20,000 - 49,999	\$50,000 - 99,999	
average per store (dollars)			
Assets			
Current assets:			
Cash on hand and in bank	1,978	3,890	3,249
Accounts and notes receivable (net)	1,097	1,805	1,746
Merchandise inventory	10,872	20,755	16,910
Other current assets	1,683	8,263	5,563
Total current assets	15,630	34,713	27,468
Fixed assets (net):			
Used in the business	9,084	16,630	14,876
Not used in the business	1,242	3,857	2,013
Total fixed assets (net)	10,326	20,487	16,889
Other assets:			
Long term investments	2,990	2,531	3,105
Other assets	—	122	45
Total other assets	2,990	2,653	3,150
Total assets	28,946	57,853	47,507
Liabilities			
Current liabilities:			
Accounts and notes payable	3,220	9,919	9,742
Fixed liabilities:			
Mortgages on fixed assets used in the business	1,805	2,722	2,275
Mortgages on fixed assets not used in the business	—	2,276	847
Total fixed liabilities	1,805	4,998	3,122
Other liabilities	582	1,641	909
Total liabilities	5,607	16,558	13,773
Net worth: Proprietor's or partners' equity in the business	23,339	41,295	33,734
Total liabilities and net worth	28,946	57,853	47,507
Average net sales of stores reporting	30,388	66,365	63,805
Number of stores reporting	20	16	43

TABLE 14. Independent Women's Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1960

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000 - 49,999			\$50,000 - 99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
average per store (dollars)								
Assets								
Current assets:								
Cash on hand and in bank	2,754	3,824	3,556	2,143	3,067	2,854	4,036	3,378
Accounts and notes receivable (net)	1,675	1,627	1,639	2,962	3,824	3,625	8,168	3,496
Merchandise inventory	10,200	9,569	9,727	15,654	16,032	15,945	21,492	14,053
Other current assets	819	2,018	1,718	787	2,275	1,931	1,699	1,794
Total current assets	15,448	17,038	16,640	21,546	25,198	24,355	35,395	22,721
Fixed assets (net):								
Used in the business	1,167	2,155	1,908	2,924	2,677	2,734	8,064	3,270
Not used in the business	625	1,514	1,292	—	1,834	1,411	4,318	1,855
Total fixed assets (net)	1,792	3,669	3,200	2,924	4,511	4,145	12,382	5,125
Other assets:								
Long term investments	252	564	486	—	488	375	823	503
Other assets	547	312	371	848	495	577	3,210	934
Total other assets	799	876	857	848	983	952	4,033	1,437
Total assets	18,039	21,583	20,697	25,318	30,692	29,452	51,810	29,283
Liabilities								
Current liabilities:								
Accounts and notes payable	4,251	4,747	4,623	6,746	11,515	10,415	22,477	9,835
Fixed liabilities:								
Mortgages on fixed assets used in the business	252	505	441	—	473	364	2,084	694
Mortgages on fixed assets not used in the business	438	612	569	—	11	8	958	427
Total fixed liabilities	690	1,117	1,010	—	484	372	3,042	1,121
Other liabilities	1,517	1,448	1,465	3,292	3,409	3,382	5,481	2,866
Total liabilities	6,458	7,312	7,098	10,038	15,408	14,169	31,000	13,822
Net worth: Proprietor's or partners' equity in the business	11,581	14,271	13,599	15,280	15,284	15,283	20,810	15,461
Total liabilities and net worth	18,039	21,583	20,697	25,318	30,692	29,452	51,810	29,283
Average net sales of stores reporting	33,804	35,201	34,852	67,882	74,472	72,951	146,913	68,214
Number of stores reporting	16	48	64	12	40	52	24	140

TABLE 15. Independent Women's Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size of Business as at December 31, 1960

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000 - 49,999	\$50,000 - 99,999	\$100,000 and over	
	average per store (dollars)			
Assets				
Current assets:				
Cash on hand and in bank	2,589	3,211	10,745	7,143
Accounts and notes receivable (net)	1,636	3,879	14,924	9,411
Merchandise inventory	10,507	17,801	24,101	19,911
Other current assets	1,352	652	5,773	3,520
Total current assets	16,084	25,543	55,543	39,985
Fixed assets (net):				
Used in the business	1,357	4,586	10,054	6,957
Not used in the business	708	—	640	466
Total fixed assets (net)	2,065	4,586	10,694	7,423
Other assets:				
Long term investments	2,946	2,774	8,324	5,780
Other assets	3,996	5,173	8,182	6,582
Total other assets	6,942	7,947	16,506	12,362
Total assets	25,091	38,076	82,743	59,770
Liabilities				
Current liabilities:				
Accounts and notes payable	4,971	11,216	23,823	16,890
Fixed liabilities:				
Mortgages on fixed assets used in the business	—	308	587	404
Mortgages on fixed assets not used in the business	1,183	—	—	206
Total fixed liabilities	1,183	308	587	610
Other liabilities	3,932	10,762	9,649	8,977
Total liabilities	10,086	22,286	34,059	26,477
Net worth:				
Capital stock	8,532	7,579	14,477	11,444
Surplus and undivided profits	6,473	8,211	34,207	21,849
Total net worth	15,005	15,790	48,684	33,293
Total liabilities and net worth	25,091	38,076	82,743	59,770
Average net sales of stores reporting	36,130	76,626	194,003	132,525
Number of stores reporting	12	20	37	69

INDEPENDENT FAMILY CLOTHING STORES

For the purpose of this report, independent family clothing stores are defined as follows: Retail establishments selling mainly men's, women's and children's clothing and furnishings. Other items sold through these establishments may include piece goods, notions, house furnishings and footwear, but the total sales of such items must not exceed 50 per cent of total sales.

The presentation of operating results for family clothing stores is similar to that shown for the other trades in this report, that is, the operating results are shown for two main classifications—unincorporated and incorporated firms.

In the unincorporated category, family clothing stores registered a gross profit of 26.56 per cent of net sales in 1960 as compared to 27.12 per cent in 1958, a decrease of 0.56 per cent. The operating

expenses shown as a percentage of net sales also declined from the 18.67 per cent shown in 1958 to 18.04 per cent in 1960. The result was an increase in net operating profit (before deduction of proprietors' salaries and income tax and addition of net non-trading profit) of 0.07 per cent to 8.52 per cent of net sales.

In the incorporated sector of the trade, the gross profit registered for 1960 was 30.48 per cent of net sales as compared to 30.55 per cent in 1958, a decrease of 0.07 per cent. The operating expenses, on the other hand, increased by 0.30 per cent to 28.37 per cent as compared to 28.07 per cent registered in 1958. The result of the decrease in gross profit and increase in total operating expenses was a net profit of 2.11 per cent of net sales, a decrease of 0.37 per cent over the net profit of 2.48 per cent registered in 1958.

TABLE 16. Independent Family Clothing Stores — Operating Results for 1954-60

Item	Unincorporated				Incorporated			
	1954	1956	1958	1960	1954	1956	1958	1960
	per cent of net sales							
Gross profit	25.88	26.54	27.12	26.56	29.45	30.32	30.55	30.48
Operating expenses:								
Employees' salaries	7.27	7.14	7.41	6.95	15.73	15.71	15.30	15.92
Occupancy	5.38	5.50	6.01	6.02	4.97	4.78	5.09	4.84
Office and store supplies	0.55	0.55	0.54	0.49	0.39	0.81	0.90	0.80
Advertising	1.17	1.27	1.21	1.02	2.46	2.56	2.60	2.41
All other expenses	2.85	3.06	3.50	3.56	3.07	3.19	4.18	4.40
Total operating expenses	17.22	17.52	18.67	18.04	27.12	27.05	28.07	28.37
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	8.66	9.02	8.45	8.52	2.33	3.27	2.48	2.11

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 17. Independent Family Clothing Stores — Balance Sheet Ratios as at December 31, 1954-60

Item	Unincorporated				Incorporated			
	1954	1956	1958	1960	1954	1956	1958	1960
Current ratio—Owned	3.82	4.32	4.51	3.63	3.62	4.29	—	—
Rented	3.22	2.82	2.57	2.66	2.73	2.82	3.07	3.27
Liquidity ratio—Owned	1.46	1.47	1.51	1.20	1.40	1.48	—	—
Rented	0.94	1.18	0.96	0.80	1.12	1.18	1.56	1.61
Working capital to net worth ratio—Owned	0.64	0.66	0.70	0.74	0.75	0.79	—	—
Rented	0.91	0.98	0.99	1.27	0.95	0.98	0.97	0.99
Worth debt ratio—Owned	3.06	2.99	2.78	2.29	2.24	1.79	—	—
Rented	1.83	1.33	1.17	0.72	1.32	1.33	1.40	1.49
Turnover of total capital employed—Owned	1.28	1.32	1.29	1.33	1.58	1.51	—	—
Rented	1.91	1.83	1.97	1.80	1.85	2.02	1.89	1.84

Note: See page 22 for definitions.

TABLE 18. Independent Family Clothing Stores—Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis 1960

Item	Owned stores with annual net sales of		Rented stores with annual net sales of			Total ¹
	\$20,000 - 49,999	\$50,000 - 99,999	\$20,000 - 49,999	\$50,000 - 99,999	\$100,000 and over	
Number of stores reporting	20	25	19	21	12	123
Average net sales per store	\$ 35,731	66,177	35,936	67,084	142,505	82,238
Average beginning inventory	\$ 19,547	25,691	15,537	24,459	44,904	28,656
Average inventory, end of year	\$ 19,667	24,245	15,092	24,793	44,325	28,313
Average cost of goods sold	\$ 26,666	49,212	25,824	49,815	102,865	60,004
Stock turnover (times per year)	1.40	1.97	1.69	2.02	2.31	2.11
Profit and loss data (per cent of net sales)						
Gross profit	25.37	25.63	28.13	25.74	27.82	26.56
Operating expenses:						
Employees' salaries and wages (except delivery)	4.72	7.90	5.41	7.11	9.52	6.95
Delivery	0.38	0.93	0.22	0.39	0.32	0.40
Occupancy expenses:						
Taxes	1.45	0.94	0.55	0.56	0.35	0.85
Insurance	1.26	0.93	0.93	0.95	0.89	0.93
Rent	—	—	4.04	2.81	3.32	1.99
Heat, light and power	1.30	0.92	0.93	0.72	0.42	0.91
Repairs and maintenance	0.61	0.65	0.43	0.48	0.31	0.50
Depreciation allowances	1.25	0.84	0.41	0.67	0.56	0.84
Total occupancy expenses	5.87	4.28	7.29	6.19	5.85	6.02
Office and store supplies	0.39	0.35	0.48	0.49	0.54	0.49
Advertising	0.43	1.09	0.58	1.06	1.65	1.02
Net loss on bad debts	0.76	0.08	0.32	0.34	0.96	0.47
All other expenses	2.92	2.77	3.42	2.79	2.68	2.69
Total operating expenses	15.47	17.38	17.72	18.37	21.52	18.04
Net operating profit	9.90	8.25	10.41	7.37	6.30	8.52
Non-trading income	1.08	1.35	0.65	0.19	0.27	1.04
Non-trading expense	—	0.52	0.01	0.01	0.04	0.28
Net profit before deduction of proprietors' salaries and income tax	10.98	9.08	11.05	7.55	6.53	9.28

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.**TABLE 19. Independent Family Clothing Stores—Operating Results of Incorporated Stores by Annual Sales Volume and Occupancy Basis, 1960**

Item	Owned stores with annual net sales of	Rented stores with annual net sales of				Total ¹
	\$100,000 and over	\$20,000 - 99,999	\$100,000 - 199,999	\$200,000 - 399,999	\$400,000 and over	
Number of stores reporting	10	10	12	12	10	57
Average net sales per store	\$ 271,621	65,306	143,659	306,361	569,062	285,224
Average beginning inventory	\$ 65,474	23,381	44,101	72,099	128,333	89,721
Average inventory, end of year	\$ 67,022	21,100	43,895	74,560	125,109	69,115
Average cost of goods sold	\$ 191,626	46,425	99,239	212,915	394,320	196,935
Stock turnover (times per year)	2.89	2.09	2.26	2.90	3.11	2.86
Profit and loss data (Per cent of net sales)						
Gross profit	29.45	28.91	31.02	30.50	33.06	30.48
Operating expenses:						
Executives' and employees' salaries and wages etc. (except delivery)	15.82	14.74	16.30	16.04	16.45	15.92
Delivery	0.24	0.29	0.74	0.20	0.24	0.27
Occupancy expenses:						
Taxes	0.76	0.50	0.36	0.47	0.35	0.55
Insurance	0.55	0.91	0.60	0.65	0.40	0.55
Rent	—	4.26	2.22	2.40	2.59	1.57
Heat, light and power	0.52	0.59	0.53	0.65	0.53	0.56
Repairs and maintenance	1.00	0.24	0.66	0.43	0.78	0.76
Depreciation allowances	0.95	0.65	0.60	0.82	0.89	0.85
Total occupancy expenses	3.78	7.24	4.97	5.42	5.54	4.84
Office and store supplies	0.65	0.41	0.58	0.95	1.08	0.80
Advertising	2.48	0.97	1.65	2.24	3.07	2.41
Net loss on bad debts	0.12	0.30	1.89	0.32	0.40	0.39
All other expenses	3.63	3.39	2.58	3.03	4.90	3.74
Total operating expenses	26.72	27.34	28.71	28.20	31.68	28.37
Net operating profit	2.73	1.57	2.31	2.30	1.38	2.11
Non-trading income	1.18	1.04	0.80	1.02	2.27	1.39
Non-trading expense	0.02	0.01	0.01	0.02	0.05	0.03
Net profit before provision for income tax	3.89	2.60	3.10	3.30	3.60	3.47

¹ Average and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 20. Independent Family Clothing Stores — Owned — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1960

Item	Stores with annual net sales of		Total all sizes \$20,000 and over
	\$20,000-49,999	\$50,000-99,999	
	average per store (dollars)		
Assets			
Current assets:			
Cash on hand and in bank	3,357	5,381	5,057
Accounts and notes receivable (net)	2,424	3,793	4,227
Merchandise inventory	18,683	23,982	25,685
Other current assets	3,445	2,217	3,435
Total current assets	27,909	35,373	38,404
Fixed assets (net):			
Used in the business	7,574	10,996	12,760
Not used in the business	1,847	830	1,058
Total fixed assets (net)	9,421	11,826	13,818
Other assets:			
Long term investments	711	973	709
Other assets	2,055	—	751
Total other assets	2,766	973	1,460
Total assets	40,096	48,172	53,682
Liabilities			
Current liabilities:			
Accounts and notes payable	5,536	9,981	10,582
Fixed liabilities:			
Mortgages on fixed assets used in the business	2,467	1,729	2,359
Mortgages on fixed assets not used in the business	—	337	286
Total fixed liabilities	2,467	2,066	2,625
Other liabilities	3,340	3,727	3,111
Total liabilities	11,343	15,774	16,318
Net worth: Proprietor's or partners' equity in the business	28,753	32,398	37,364
Total liabilities and net worth	40,096	48,172	53,682
Average net sales of stores reporting	35,708	66,101	69,270
Number of stores reporting	19	24	52

TABLE 21. Independent Family Clothing Stores — Rented — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1960

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
	average per store (dollars)			
Assets				
Current assets:				
Cash on hand and in bank	3,055	2,497	4,583	3,161
Accounts and notes receivable (net)	3,459	6,930	13,190	7,240
Merchandise inventory	14,837	25,405	44,325	26,316
Other current assets	58	1,538	704	862
Total current assets	21,409	36,370	62,802	37,579
Fixed assets (net):				
Used in the business	2,585	1,726	7,362	3,307
Not used in the business	231	2,216	6,640	2,588
Total fixed assets (net)	2,816	3,942	14,002	5,895
Other assets:				
Long term investments	—	67	988	257
Other assets	290	310	955	453
Total other assets	290	377	1,943	710
Total assets	24,515	40,689	78,747	44,184
Liabilities				
Current liabilities:				
Accounts and notes payable	6,893	14,435	23,706	14,109
Fixed liabilities:				
Mortgages on fixed assets used in the business	—	162	8,375	2,005
Mortgages on fixed assets not used in the business	324	1,696	1,250	1,144
Total fixed liabilities	324	1,858	9,625	3,149
Other liabilities	1,629	10,833	13,294	8,392
Total liabilities	8,846	27,126	46,625	25,650
Net worth: Proprietor's or partners' equity in the business	15,669	13,563	32,122	18,534
Total liabilities and net worth	24,515	40,689	78,747	44,184
Average net sales of stores reporting	36,228	67,516	142,505	74,592
Number of stores reporting	17	23	12	52

TABLE 22. Independent Family Clothing Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1960

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$100,000 and over		Total	
	Under 10 years	10 years and over		
	average per store (dollars)			
Assets				
Current assets:				
Cash on hand and in bank	12,349	10,393	11,083	9,294
Accounts and notes receivable (net)	94,939	32,639	54,627	42,273
Merchandise inventory	70,210	83,183	78,604	64,650
Other current assets	10,097	15,960	13,891	10,614
Total current assets	187,595	142,175	158,205	126,831
Fixed assets (net):				
Used in the business	15,256	12,535	13,495	10,800
Not used in the business	—	492	319	297
Total fixed assets (net)	15,256	13,027	13,814	11,097
Other assets:				
Long term investments	4,512	5,887	5,402	4,081
Other assets	12,594	6,109	8,398	7,154
Total other assets	17,106	11,996	13,800	11,235
Total assets	219,957	167,198	185,819	149,163
Liabilities				
Current liabilities:				
Accounts and notes payable	69,201	36,765	48,214	38,729
Fixed liabilities:				
Mortgages on fixed assets used in the business	1,666	—	588	633
Mortgages on fixed assets not used in the business	—	—	—	—
Total fixed liabilities	1,666	—	588	633
Other liabilities	32,663	20,590	24,851	20,425
Total liabilities	103,530	57,355	73,653	59,787
Net worth:				
Capital stock	45,171	36,765	39,731	32,875
Surplus and undivided profits	71,256	73,078	72,435	56,501
Total net worth	116,427	109,843	112,166	89,376
Total liabilities and net worth	219,957	167,198	185,819	149,163
Average net sales of stores reporting	422,812	282,714	332,160	266,613
Number of stores reporting	12	22	34	45

INDEPENDENT FAMILY SHOE STORES

For the purpose of this report, independent family shoe stores are defined as follows: Retail establishments selling mainly men's, women's and children's shoes. Other items sold may include hosiery, gloves, handbags and luggage, but the total sales of such items must not exceed 50 per cent of total sales made by the establishment.

In the unincorporated sector, independent family shoe stores obtained a gross profit of 30.05 per cent in 1960, as compared to 29.31 per cent in 1958, an increase of 0.74 per cent. The operating expenses, consisting of employees' salaries (7.69 per cent), occupancy expense (6.49 per cent and other charges totalled 19.07 per cent of net sales in 1960, an increase of 0.95 per cent as compared to

the 18.12 per cent registered in 1958. Since the increase in operating expenses offset the rise in gross profit, the net operating profit decreased by 0.21 per cent from the 11.19 per cent registered in 1958 to the 10.98 per cent established in 1960.

In the incorporated sector of the trade, gross profit was 34.08 per cent of total net sales, as compared to 33.21 per cent in 1958, an increase of 0.87 per cent. Operating expenses rose from 29.84 per cent registered in 1958 to 31.07 per cent in 1960, an increase of 1.23 per cent. The increase in operating expenses offset the rise in gross profit and resulted in a net operating profit of 3.01 per cent of net sales in 1960 a decrease of 0.36 per cent over 1958.

TABLE 23. Independent Family Shoe Stores — Operating Results for 1954-60

Item	Unincorporated				Incorporated ¹			
	1954	1956	1958	1960	1954	1956	1958	1960
	per cent of net sales							
Gross profit	27.77	29.43	29.31	30.05	31.49	33.49	33.21	34.08
Operating expenses:								
Employees' salaries	7.74	7.46	7.52	7.69	16.98	18.13	17.29	19.07
Occupancy	5.76	6.42	6.12	6.49	6.54	6.55	6.68	6.13
Office and store supplies	0.47	0.53	0.49	0.48	0.59	0.56	0.52	0.48
Advertising	1.10	1.31	1.30	1.38	1.99	2.16	2.07	1.99
All other expenses	2.48	2.46	2.69	3.03	2.90	3.00	3.28	3.40
Total operating expenses	17.55	18.18	18.12	19.07	29.00	30.40	29.84	31.07
Net operating profit before deduction of proprietors' salaries and income tax, and addition of net non-trading income	10.22	11.25	11.19	10.98	2.49	3.09	3.37	3.01

¹ Covers only rented stores.

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 24. Independent Family Shoe Stores — Balance Sheet Ratios as at December 31, 1954-60

Item	Unincorporated				Incorporated			
	1954	1956	1958	1960	1954	1956	1958	1960
Current ratio—Owned	3.41	3.60	4.74	5.41	—	—	—	—
Rented	3.39	3.53	3.64	3.09	2.40	3.20	3.64	3.16
Liquidity ratio—Owned	0.80	0.70	1.34	1.33	—	—	—	—
Rented	0.63	0.65	0.81	0.58	0.45	0.61	0.81	0.78
Working capital to net worth ratio—Owned	0.66	0.66	0.70	0.71	—	—	—	—
Rented	0.94	0.98	0.98	0.92	0.74	0.98	0.98	0.87
Worth debt ratio—Owned	1.98	2.28	2.49	2.97	—	—	—	—
Rented	2.09	1.82	1.73	1.57	1.64	1.35	1.73	1.69
Turnover of total capital employed—Owned	1.14	1.23	1.23	1.18	—	—	—	—
Rented	2.04	2.04	2.17	2.29	1.85	1.83	2.17	2.01

Note: See page 22 for definitions.

TABLE 25. Independent Family Shoe Stores — Operating Results of Unincorporated Stores by Annual Sales Volume and Occupancy Basis, 1960

Item	Owned stores with annual net sales of		Rented stores with annual net sales of				Total ¹
	\$20,000-49,999	\$50,000-99,999	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
Number of stores reporting	33	18	12	42	54	15	189
Average net sales per store	\$ 32,640	66,225	15,365	36,036	72,673	164,632	74,680
Average beginning inventory	\$ 17,382	27,894	7,607	15,811	25,179	38,129	23,771
Average inventory, end of year	\$ 17,214	26,904	7,490	15,690	24,715	36,718	23,095
Average cost of goods sold	\$ 23,720	46,812	10,291	25,007	51,349	113,319	51,956
Stock turnover (times per year)	1.93	1.71	1.36	1.59	2.06	3.03	2.22
Profit and loss data (Per cent of net sales)							
Gross profit	27.33	29.31	33.02	30.61	29.52	31.17	30.05
Operating expenses:							
Employees' salaries and wages (except delivery)	5.69	8.47	4.97	5.75	8.08	9.75	7.69
Delivery	0.40	0.30	0.35	0.33	0.32	0.21	0.28
Occupancy expenses:							
Taxes	1.48	1.11	1.49	0.46	0.37	0.34	0.81
Insurance	1.06	0.69	0.80	0.53	0.62	0.58	0.78
Rent	—	—	8.57	5.13	3.97	3.03	2.82
Heat, light and power	1.23	0.83	1.47	0.75	0.50	0.45	0.82
Repairs and maintenance	0.69	0.58	0.14	0.43	0.27	0.33	0.49
Depreciation allowances	0.86	1.37	0.52	0.61	0.58	0.47	0.77
Total occupancy expenses	5.32	4.58	10.99	8.01	6.31	5.20	6.49
Office and store supplies	0.50	0.38	0.71	0.68	0.49	0.37	0.48
Advertising	0.81	1.00	0.49	1.03	1.41	2.30	1.38
Net loss on bad debts	0.04	0.02	0.02	0.03	0.05	0.01	0.04
All other expenses	2.33	2.82	3.25	3.28	2.34	2.70	2.71
Total operating expenses	15.09	17.57	20.78	19.11	19.00	20.54	19.07
Net operating profit	12.24	11.74	12.24	11.50	10.52	10.63	10.98
Non-trading income	2.25	1.69	0.07	0.37	0.05	0.27	0.94
Non-trading expense	0.41	0.40	—	0.13	0.15	0.11	0.17
Net profit before deduction of proprietor's salaries and income tax ..	14.08	13.03	12.31	11.74	10.42	10.79	11.75

¹ Average and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 26. Independent Family Shoe Stores — Operating Results of Rented Incorporated Stores by Annual Sales Volume, 1960

Item	Rented stores with annual net sales of		Total ¹
	\$50,000-99,999	\$100,000 and over	
Number of stores reporting	21	33	63
Average net sales per store	\$ 65,444	191,859	130,992
Average beginning inventory	\$ 24,675	55,139	43,831
Average inventory, end of year	\$ 24,620	55,037	41,786
Average cost of goods sold	\$ 44,157	125,108	85,544
Stock turnover (times per year)	1.79	2.27	2.00
Profit and loss data (Per cent of net sales)			
Gross profit	32.53	34.79	34.08
Operating expenses:			
Executives' and employees' salaries and wages etc. (except delivery)	16.49	18.24	19.07
Delivery	0.35	0.18	0.20
Occupancy expenses:			
Taxes	0.44	0.48	0.61
Insurance	0.58	0.58	0.60
Rent	4.09	3.79	3.22
Heat, light and power	0.54	0.44	0.63
Repairs and maintenance	0.42	0.38	0.40
Depreciation allowances	0.54	0.75	0.67
Total occupancy expenses	6.61	6.42	6.13
Office and store supplies	0.49	0.62	0.48
Advertising	1.38	2.57	1.99
Net loss on bad debts	0.13	0.09	0.10
All other expenses	3.91	3.25	3.10
Total operating expenses	29.36	31.38	31.07
Net operating profit	3.17	3.41	3.01
Non-trading income	0.09	0.34	0.18
Non-trading expense	0.04	0.13	0.07
Net profit before provision for income tax	3.22	3.62	3.12

¹ Average and ratios "weighted" according to the 1951 Census weights of all sales sizes for independent stores.

TABLE 27. Independent Family Shoe Stores — Owned — Financial Structure of Unincorporated Stores by Size of Business as at December 31, 1960

Item	Stores with annual net sales of		Total all sizes \$20,000 and over
	\$20,000 - 49,999	\$50,000 - 99,999	
average per store (dollars)			
Assets			
Current assets:			
Cash on hand and in bank	2,924	6,104	4,276
Accounts and notes receivable (net)	493	1,241	763
Merchandise inventory	17,716	26,904	21,258
Other current assets	2,903	329	1,884
Total current assets	24,036	34,578	28,181
Fixed assets (net):			
Used in the business	8,413	13,576	10,917
Not used in the business	2,778	2,669	2,680
Total fixed assets (net)	11,191	16,245	13,597
Other assets:			
Long term investments	2,044	734	1,510
Other assets	114	352	201
Total other assets	2,158	1,086	1,711
Total assets	37,385	51,909	43,489
Liabilities			
Current liabilities:			
Accounts and notes payable	3,685	7,739	5,206
Fixed liabilities:			
Mortgages on fixed assets used in the business	1,903	2,474	2,515
Mortgages on fixed assets not used in the business	318	534	393
Total fixed liabilities	2,221	3,008	2,908
Other liabilities	2,574	3,118	2,830
Total liabilities	8,480	13,865	10,944
Net worth: Proprietor's or partner's equity in the business	28,905	38,044	32,545
Total liabilities and net worth	37,385	51,909	43,489
Average net sales of stores reporting	32,266	66,225	46,532
Number of stores reporting	29	18	48

TABLE 28. Independent Family Shoe Stores — Rented — Financial Structure of Unincorporated Stores by Size and Age of Business as at December 31, 1960

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-49,999			\$50,000-99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
	average per store (dollars)							
Assets								
Current assets:								
Cash on hand and in bank	971	1,874	1,596	4,102	2,463	2,989	8,270	3,222
Accounts and notes receivable (net)	829	875	861	659	1,250	1,060	1,035	984
Merchandise inventory	16,265	16,072	16,132	23,246	25,814	24,991	36,718	23,406
Other current assets	807	824	819	1,861	1,098	1,342	1,910	1,231
Total current assets	18,872	19,645	19,408	29,868	30,625	30,382	47,993	28,843
Fixed assets (net):								
Used in the business	1,754	617	967	2,529	1,911	2,109	6,590	2,321
Not used in the business	2,565	3,685	3,340	368	9	124	2,311	1,603
Total fixed assets (net)	4,319	4,302	4,307	2,897	1,920	2,233	8,901	3,924
Other assets:								
Long term investments	—	22	15	942	—	302	7,246	1,171
Other assets	586	5	184	1,332	358	671	1,161	562
Total other assets	586	27	199	2,274	358	973	8,407	1,733
Total assets	23,777	23,974	23,914	35,039	32,903	33,588	65,241	34,500
Liabilities								
Current liabilities:								
Accounts and notes payable	6,088	4,198	4,780	9,375	10,022	9,814	19,516	9,339
Fixed liabilities:								
Mortgages on fixed assets used in the business	532	667	625	2,714	490	1,203	973	960
Mortgages on fixed assets not used in the business	—	348	241	320	—	103	—	139
Total fixed liabilities	532	1,015	866	3,034	490	1,306	973	1,099
Other liabilities	2,721	2,045	2,253	5,213	1,742	2,856	5,191	2,964
Total liabilities	9,341	7,258	7,899	17,622	12,254	13,976	25,680	13,402
Net worth: Proprietor's or partner's equity in the business	14,436	16,716	16,015	17,417	20,649	19,612	39,561	21,098
Total liabilities and net worth	23,777	23,974	23,914	35,039	32,903	33,588	65,241	34,500
Average net sales of stores reporting	38,014	35,522	36,289	76,314	71,706	73,184	164,632	72,556
Number of stores reporting	12	27	39	17	36	53	15	107

TABLE 29. Independent Family Shoe Stores — Rented — Financial Structure of Incorporated Stores by Size and Age of Business as at December 31, 1960

Item	Stores with annual net sales of				Total all sizes \$20,000 and over
	\$50,000- 99,999	\$100,000 and over			
		Under 10 years	10 years and over	Total	
Average per store (dollars)					
Assets					
Current assets:					
Cash on hand and in bank	4,883	8,130	11,763	10,694	7,837
Accounts and notes receivable (net)	3,770	3,547	3,342	3,403	3,318
Merchandise inventory	24,620	58,705	53,355	54,928	41,615
Other current assets	527	5,146	3,855	4,235	2,588
Total current assets	33,800	75,528	72,315	73,260	55,358
Fixed assets (net):					
Used in the business	2,390	13,784	6,837	8,880	5,925
Not used in the business	216	—	340	240	212
Total fixed assets (net)	2,606	13,784	7,177	9,120	6,137
Other assets:					
Long term investments	766	1,000	5,115	3,904	2,480
Other assets	1,472	6,960	8,526	8,066	5,279
Total other assets	2,238	7,960	13,641	11,970	7,759
Total assets	38,644	97,272	93,133	94,350	69,254
Liabilities					
Current liabilities:					
Accounts and notes payable	8,947	32,155	20,221	23,731	17,539
Fixed liabilities:					
Mortgages on fixed assets used in the business	33	796	—	234	144
Mortgages on fixed assets not used in the business	—	—	—	—	—
Total fixed liabilities	33	796	—	234	144
Other liabilities	4,209	23,767	5,388	10,793	8,062
Total liabilities	13,189	56,718	25,609	34,758	25,745
Net worth:					
Capital stock	11,120	20,451	22,000	21,545	16,862
Surplus and undivided profits	14,335	20,103	45,524	38,047	26,647
Total net worth	25,455	40,554	67,524	59,592	43,509
Total liabilities and net worth	38,644	97,272	93,133	94,350	69,254
Average net sales of stores reporting	65,444	200,600	185,219	189,743	133,636
Number of stores reporting	21	10	24	34	60

DEFINITIONS

PROFIT AND LOSS

Items

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Purchases — are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.)

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income — interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expense — interest expense, rental expense, any other expenses not pertaining to the business.

Ratios

Stock turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales dollar.

Gross profit ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating expense ratios — each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales dollar required to operate the average business.

Net operating profit ratio — the remaining proportion of the average sales dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

BALANCE SHEET

Asset Items

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the cost value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investments of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth Items

Current liabilities — obligations which must be paid in the near future (usually one year) and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

— Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

Ratios

Current ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to

examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

Liquidity ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working capital to net worth ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-debt ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of total capital employed — $\text{Net Sales} \div \text{Total Assets}$ used in the business — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

CATALOGUE No.

63-406

TRIENNIAL



CLOTHING AND PIECE GOODS STORES

(Independent)

OPERATING RESULTS

1964

The last issue of this report, formerly known as Operating Results and Financial Structure - Retail clothing stores (Independent), was for 1960. Previously Biennial, it is now Triennial.

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CLOTHING AND PIECE GOODS STORES

(Independent)

OPERATING RESULTS

1964

INTRODUCTION

This report is the first of its kind since 1960. During the 1961 Census of Merchandising and Service Establishments, data were collected on gross profit ratios for retail trades and these are published in Table 20, Volume VI, Part 1, of the Census of Canada, 1961; the small bulletin containing Table 20 bears Catalogue No. 97-505. These publications are obtainable from the Queen's Printer, Ottawa.

It is the intention to survey the trades reported on by the present bulletin every three years.

The figures in this report are published primarily as a guide for retailers. The averages and ratios that are shown can be used as a standard against which business men can compare their own operating experience. Data are provided for various types and sizes of operations. However, it is well to keep in mind that the averages and ratios published here do not represent the ideal situation to be aimed for. They are merely the observed results of a range of operational efficiencies. Where averages and ratios are given for a number of size categories or a number of types of operation, a weighting procedure has been applied to such data. These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores. Data on financial structure are no longer collected.

For the next report, in addition to the type of data being made available now, it is intended to produce averages and ratios for stores engaged entirely, or almost entirely, in dealing in certain key commodities such as groceries, meat, confectionery, vegetables and so forth. The information on the cost of retailing specific commodities, as distinguished from the cost of retailing a combination of commodities generally handled by an identifiable trade, will then be available. This information is often required when the costs of marketing various commodities are under study.

Note: Definitions are given at the end of this report.

MEN'S AND BOYS' CLOTHING STORES, INDEPENDENT

Stores in this category are primarily engaged in selling men's and boys' ready-made clothing such as overcoats, top coats, suits and work clothing. As a subsidiary line, accessories and furnishings such as hats, shoes, underwear, shirts, gloves, hosiery, etc., may be carried.

Over 200 usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent, unincorporated businesses was 30.48 per cent of net sales in 1964 compared with 28.84 per cent in 1960. For 1961, the Census of Merchandising produced a figure of 33.5 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1964, excluding the pay for delivery employees, were 6.58 per cent of net sales compared with 6.85 per cent in 1960. Delivery expense was 0.46 per cent (0.48 per cent in 1960), occupancy expenses 6.73 per cent (6.66 per cent), office and store supplies 0.53 per cent (0.55 per cent) and all other expenses were 5.23 per cent (4.84 per cent) making total operating expenses 19.53 per cent in 1964 as against 19.38 per cent of net sales in 1960. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition

of net non-trading income, was 10.95 per cent (9.46 per cent). Taking account of non-trading income and expense, net profit was 11.52 per cent of net sales compared with 10.01 per cent in 1960. In the detailed tables, there is a distinction made between stores with owned premises and stores with rented premises.

In the incorporated sector of the trade, for all stores the gross profit was 31.09 per cent of net sales compared with 31.47 per cent in 1960. Salaries and wages, excluding the pay for delivery employees were 15.28 per cent (16.13 per cent in 1960), delivery expense 0.54 per cent (0.30 per cent), occupancy expenses 6.87 per cent (6.28 per cent), office and store supplies 0.70 per cent (0.98 per cent) and all other expenses were 6.03 per cent (6.28 per cent), making total operating expenses 29.42 per cent of net sales in 1964 compared with 29.97 per cent in 1960. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 1.67 per cent (1.50 per cent in 1960). Taking account of non-trading income and expense, net profit was 2.75 per cent as against 2.01 per cent in 1960. A distinction is also made in this category between stores with owned premises and stores with rented premises.

TABLE 1. Operating Results of Independent Men's and Boys' Clothing Stores, 1954-64

Item	Unincorporated businesses					Incorporated				
	1954	1956	1958	1960	1964	1954	1956	1958	1960	1964
	per cent of net sales									
Gross profit	27.02	28.17	28.55	28.84	30.48	29.83	30.76	30.89	31.47	31.09
Operating expenses:										
Employees' salaries and wages	6.43	6.20	6.62	6.85	6.58	15.75	14.90	15.55	16.13	15.28
Occupancy expenses	5.74	5.92	5.90	6.66	6.73	6.09	5.85	6.01	6.28	6.87
Office and store supplies	0.58	0.60	0.56	0.55	0.53	0.67	0.64	0.65	0.98	0.70
Advertising	1.41	1.43	1.36	1.31	1.31	2.14	2.06	2.31	2.34	2.02
All other expenses	3.42	3.16	3.72	4.01	4.38	3.44	3.69	3.70	4.24	4.55
Total operating expenses	17.58	17.31	18.16	19.38	19.53	28.09	27.14	28.22	29.97	29.42
Net operating profit before deduction of proprietors' salaries or withdrawals (in the case of unincorporated businesses) and income tax and addition of net non-trading income	9.44	10.86	10.39	9.46	10.95	1.74	3.62	2.67	1.50	1.67

Note: These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores.

TABLE 2. Men's and Boy's Clothing Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Owned premises with annual net sales of						Total	
	\$10,000-19,999	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999				
Number of businesses reporting	3	6	11	5	25			
Average net sales per business	14,944	38,644	72,408	122,554	73,748			
Average beginning inventory	10,062	17,464	26,935	43,922	28,018			
Average inventory, end of year	10,839	17,014	26,401	48,687	28,941			
Average cost of goods sold	10,691	28,329	53,182	87,161	53,404			
Stock turnover (times per year).....	1.02	1.64	1.99	1.88	1.88			
Profit and loss data (Per cent of net sales)								
Gross Profit	28.46	26.69	26.55	28.88	27.29			
Operating expenses:								
Employees' salaries and wages (except delivery)	—	5.89	6.38	9.41	6.67			
Delivery expenses (including salaries and wages)	—	.18	.13	.32	.18			
Occupancy expenses:								
Taxes	3.72	1.58	1.00	.57	1.19			
Insurance	1.06	1.34	.66	.79	.88			
Rent	—	—	—	—	—			
Heat, light and power	1.44	.91	.86	.63	.85			
Repairs and maintenance .....	.50	.58	.56	.81	.63			
Depreciation allowances .....	.46	1.29	1.31	.91	1.15			
Total occupancy expenses	7.18	5.70	4.39	3.71	4.70			
Office and store supplies .....	.66	.34	.54	.48	.48			
Advertising	1.27	1.25	.96	1.38	1.16			
Net loss on bad debts .....	.43	.15	.43	.30	.33			
All other expenses	1.35	4.43	4.29	1.52	3.44			
Total operating expenses	10.89	17.94	17.12	17.12	16.96			
Net operating profit	17.57	8.75	9.43	11.76	10.33			
Non-trading income	2.95	.58	.96	.22	.79			
Non-trading expense	—	—	—	.02	.01			
Net profit before deduction of proprietors' salaries, with- drawals and income tax	20.52	9.33	10.39	11.96	11.11			
Rented premises with annual net sales of								
	\$10,000-19,999	\$20,000-29,999	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999	\$200,000-499,999	Total	Total owned and rented
Number of businesses reporting	11	10	7	35	16	6	85	110
Average net sales per business	16,125	24,417	39,476	75,636	132,152	290,646	81,163	79,188
Average beginning inventory	4,943	9,559	13,237	22,037	36,724	51,503	22,531	23,993
Average inventory, end of year	4,863	10,413	12,796	22,251	38,335	61,403	23,313	24,612
Average cost of goods sold	9,556	15,479	26,849	52,875	91,611	200,933	56,136	55,408
Stock turnover (times per year)	1.95	1.55	2.06	2.39	2.44	3.56	2.45	2.27
Profit and loss data (Per cent of net sales)								
Gross profit	40.74	36.61	31.99	30.09	30.68	30.87	31.63	30.48
Operating expenses:								
Employees' salaries and wages (except delivery)	6.32	4.52	4.53	6.65	8.39	11.11	6.55	6.58
Delivery expenses (including salaries and wages) .....	.33	.68	.81	.29	.91	.49	.56	.46
Occupancy expenses:								
Taxes .....	.93	1.13	1.07	.42	.44	.69	.65	.79
Insurance .....	.81	.88	.91	.58	.50	.52	.66	.72
Rent	7.13	5.68	5.41	3.79	3.42	2.56	4.30	3.16
Heat, light and power .....	.92	1.03	1.04	.60	.55	.40	.72	.76
Repairs and maintenance .....	.55	.47	.34	.57	.39	.25	.47	.51
Depreciation allowances .....	.30	.51	.63	.79	.58	.56	.66	.79
Total occupancy expenses	10.64	9.70	9.40	6.75	5.88	4.98	7.46	6.73
Office and store supplies .....	.76	.70	.48	.47	.70	.49	.55	.53
Advertising	1.09	.75	.80	1.52	1.81	2.19	1.37	1.31
Net loss on bad debts .....	.18	.51	.16	.26	.52	.26	.31	.32
All other expenses	2.98	3.83	3.38	4.00	3.04	4.82	3.66	3.60
Total operating expenses	22.30	20.69	19.56	19.94	21.25	24.34	20.46	19.53
Net operating profit	18.44	15.92	12.43	10.15	9.43	6.53	11.17	10.95
Non-trading income	1.94	2.12	.29	.56	.42	.18	.65	.68
Non-trading expense	—	.19	—	.15	.34	—	.15	.11
Net profit before deduction of proprietors' salaries, with- drawals and income tax	20.38	17.85	12.72	10.56	9.51	6.71	11.67	11.52

TABLE 3. Men's and Boy's Clothing Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies), 1964

Item	Owned premises total all sizes	Rented premises with annual net sales of					Total owned and rented
		\$50,000-99,999	\$100,000-199,999	\$200,000-499,999	\$500,000-999,999	Total	
Number of businesses reporting	5	12	38	40	7	98	103
Average net sales per business	1,106,555	74,856	147,655	290,852	703,184	212,831	332,367
Average beginning inventory	152,840	20,631	42,240	72,342	164,731	53,703	66,963
Average inventory, end of year	204,768	23,810	44,870	77,767	180,775	57,757	77,420
Average cost of goods sold	778,388	55,507	95,409	198,875	471,198	141,898	227,029
Stock turnover (times per year)	4.35	2.50	2.19	2.65	2.73	2.55	3.14
Profit and loss data (Per cent of net sales)							
Gross profit	25.48	25.85	35.38	31.62	32.99	31.95	31.09
Operating expenses:							
Employees' salaries and wages (except delivery)	16.03	12.12	17.33	14.43	15.53	15.16	15.28
Delivery expenses (including salaries and wages) .....	.89	.53	.28	.83	.09	.49	.54
Occupancy expenses:							
Taxes	1.35	.44	.46	.37	.57	.43	.55
Insurance .....	.66	.73	.53	.56	.46	.59	.60
Rent	—	4.39	4.38	3.63	3.79	4.15	3.59
Heat, light and power .....	.53	.76	.71	.53	.54	.66	.64
Repairs and maintenance .....	.76	.57	.36	.55	.54	.48	.52
Depreciation allowances	1.41	1.02	.77	.88	.99	.90	.97
Total occupancy expenses	4.71	7.91	7.21	6.52	6.89	7.21	6.87
Office and store supplies .....	.75	.50	.77	.75	.73	.69	.70
Advertising	2.19	1.50	2.11	2.20	2.08	1.99	2.02
Net loss on bad debts .....	.19	.15	.42	.34	.37	.33	.31
All other expenses	3.28	4.34	3.90	3.17	2.93	3.76	3.70
Total operating expenses	28.04	27.05	32.02	28.24	28.62	29.63	29.42
Net operating profit	- 2.56	- 1.20	3.36	3.38	4.37	2.32	1.67
Non-trading income	3.24	1.51	1.39	.34	.16	1.05	1.34
Non-trading expense	1.77	—	.01	.07	.18	.03	.26
Net profit before allowances for income tax	- 1.09	.31	4.74	3.65	4.35	3.34	2.75

WOMEN'S READY-TO-WEAR STORES, INDEPENDENT

Stores in this category are primarily engaged in selling women's ready-to-wear coats, suits and dresses, with or without women's accessories, such as hosiery, lingerie, millinery, etc.

The operating results for this trade are presented under two main categories—unincorporated businesses and incorporated companies. Over 220 usable reports were received. In the unincorporated sector, the gross profit of women's ready-to-wear stores decreased in 1964 to 29.60 per cent of net sales from 29.92 per cent in 1960. For 1961, the Census of Merchandising produced a figure of 33.2 per cent but this calculation included the data from incorporated companies and chain stores. Operating expenses in 1964 declined by one percentage point to 20.82 from 21.82 per cent of net sales in 1960. All items recorded slight declines. The net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income increased to 8.78 per cent of net sales from 8.10 per cent registered in 1960. In

the detailed tables, a distinction is made between stores with owned premises and stores with rented premises.

In the incorporated sector, the gross profit of women's ready-to-wear stores rose to 33.05 per cent of net sales from 32.51 per cent in 1960. Operating expenses also increased from 30.61 per cent in 1960 to 31.14 per cent in 1964. Employees' salaries and wages were, in 1964, 16.18 per cent of net sales compared with 16.75 per cent in 1960. Occupancy expenses were 7.86 per cent (7.21 per cent in 1960), office and store supplies 0.75 per cent (0.87 per cent), advertising expense 1.80 per cent (1.86 per cent) and all other expenses 4.55 per cent (3.92 per cent). The net operating profit for the incorporated women's ready-to-wear stores remained virtually unchanged reaching 1.91 per cent of net sales in 1964 compared to 1.90 per cent in 1960. In the detailed tables, in this sector a distinction is also made between stores with owned premises and stores with rented premises.

TABLE 4. Operating Results of Independent Women's Ready-to-Wear Stores, 1954 - 64

Item	Unincorporated businesses					Incorporated				
	1954	1956	1958	1960	1964	1954	1956	1958	1960	1964
	per cent of net sales									
Gross profit	27.38	28.29	28.78	29.92	29.60	31.23	31.78	31.91	32.51	33.05
Operating expenses:										
Employees' salaries and wages	8.09	7.78	7.54	8.49	7.91	16.57	15.85	17.02	16.75	16.18
Occupancy expenses	6.44	6.49	7.15	7.55	7.43	7.08	7.02	6.94	7.21	7.86
Office and store supplies	0.66	0.69	0.73	0.71	0.68	0.77	0.83	0.88	0.87	0.75
Advertising	1.10	1.05	0.97	1.06	0.95	1.63	1.62	1.76	1.86	1.80
All other expenses	3.49	3.55	3.87	4.01	3.85	3.18	3.29	3.83	3.92	4.55
Total operating expenses	19.78	19.56	20.26	21.82	20.82	29.23	28.61	30.43	30.61	31.14
Net operating profit before deduction of proprietors' salaries or withdrawals (in the case of unincorporated businesses) and income tax and addition of net non-trading income	7.60	8.73	8.52	8.10	8.78	2.00	3.17	1.48	1.90	1.91

Note: These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores.

TABLE 5. Women's Ready-to-Wear Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Owned premises with annual net sales of		Total
	Under \$50,000	\$ 50,000-199,999	
Number of businesses reporting	16	7	23
Average net sales per business	28,745	84,033	54,904
Average beginning inventory	9,573	21,083	15,019
Average inventory, end of year	10,245	22,882	16,224
Average cost of goods sold	19,741	62,117	39,791
Stock turnover (times per year)	1.99	2.83	2.55
Profit and loss data (Per cent of net sales)			
Gross profit	30.81	26.39	28.72
Operating expenses:			
Employees' salaries and wages (except delivery)	7.94	8.75	8.32
Delivery expenses (including salaries and wages) .....	.46	.40	.43
Occupancy expenses:			
Taxes	2.27	1.29	1.81
Insurance	1.10	.79	.96
Rent	—	—	—
Heat, light and power	1.98	.78	1.41
Repairs and maintenance .....	.94	.31	.64
Depreciation allowances	1.91	1.87	1.89
Total occupancy expenses	8.20	5.04	6.71
Office and store supplies .....	.85	.67	.77
Advertising .....	.59	1.13	.84
Net loss on bad debts .....	.08	.16	.12
All other expenses	3.80	2.77	3.31
Total operating expenses	21.92	18.92	20.50
Net operating profit	8.89	7.47	8.22
Non-trading income .....	.89	.23	.58
Non-trading expense .....	.12	—	.06
Net profit before deduction of proprietors' salaries, withdrawals and income tax	9.66	7.70	8.74

Rented premises with annual net sales of								Total owned and rented
Under \$20,000	\$20,000-29,999	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999	\$200,000-499,999	Total		
Number of businesses reporting	6	12	15	30	19	8	90	113
Average net sales per business	14,670	26,118	37,524	72,225	139,218	287,872	77,060	71,981
Average beginning inventory	5,603	7,248	10,802	16,273	24,621	35,813	15,681	15,529
Average inventory, end of year	5,081	7,453	10,965	16,132	28,453	49,039	16,956	16,788
Average cost of goods sold	10,419	18,618	25,223	52,624	95,914	195,413	53,906	50,671
Stock turnover (times per year)	1.95	2.53	2.32	3.25	3.61	4.61	3.30	3.14
Profit and loss data (Per cent of net sales)								
Gross profit	30.40	28.71	32.78	27.14	31.10	32.12	29.86	29.60
Operating expenses:								
Employees' salaries and wages (except delivery)	4.18	4.16	8.20	7.52	9.92	13.11	7.79	7.91
Delivery expenses (including salaries and wages) .....	.07	.56	.46	.28	.31	.41	.35	.37
Occupancy expenses	1.34	.62	.53	.45	.49	.23	.55	.84
Insurance	1.31	.65	.55	.55	.58	.54	.62	.70
Rent	7.66	6.23	5.06	3.50	4.29	3.67	4.63	3.57
Heat, light and power	1.67	1.01	.67	.55	.56	.64	.72	.87
Repairs and maintenance .....	.55	.36	.33	.38	.55	.63	.42	.47
Depreciation allowances .....	.25	.58	.45	.83	.96	1.14	.71	.98
Total occupancy expenses	12.78	9.45	7.59	6.26	7.43	6.85	7.65	7.43
Office and store supplies .....	.62	.43	.56	.65	.82	1.17	.66	.68
Advertising .....	.77	.30	.79	1.16	1.09	2.08	.98	.95
Net loss on bad debts .....	.53	.26	.38	.13	.15	.62	.26	.23
All other expenses	3.08	3.01	3.62	3.18	3.09	2.97	3.23	3.25
Total operating expenses	22.03	18.17	21.60	19.18	22.81	27.21	20.92	20.82
Net operating profit	8.37	10.54	11.18	7.96	8.29	4.91	8.94	8.78
Non-trading income .....	.47	.74	.05	.49	.33	1.97	.44	.47
Non-trading expense	—	—	.05	.12	—	.45	.07	.07
Net profit before deduction of proprietors' salaries, withdrawals and income tax	8.84	11.28	11.18	8.33	8.62	6.43	9.31	9.18

TABLE 6. Women's Ready-to-Wear Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies), 1964

Item	Owned premises with annual net sales of \$50,000 and over	Rented premises with annual net sales of						Total owned and rented
		\$30,000 - 49,999	\$50,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999	\$500,000 and over	Total	
Number of businesses reporting.....	3	11	19	35	39	9	113	116
Average net sales per business.....	192,863	44,366	80,437	147,032	294,998	983,694	287,837	283,355
Average beginning inventory	35,882	13,104	16,284	28,173	48,959	179,370	52,072	51,308
Average inventory, end of year	40,045	12,916	17,267	29,596	51,021	155,865	50,103	49,628
Average cost of goods sold	126,890	29,394	53,781	101,749	191,920	643,416	190,033	187,053
Stock turnover (times per year)	3.34	2.26	3.21	3.52	3.84	3.84	3.72	3.71
Profit and loss data (Per cent of net sales)								
Gross profit.....	32.96	33.75	33.14	30.80	34.94	34.03	33.05	33.05
Operating expenses:								
Employees' salaries and wages (except delivery)	16.47	16.33	17.40	15.30	16.07	16.53	16.16	16.18
Delivery expenses (including salaries and wages).....	.34	.13	.19	.54	1.13	.66	.64	.63
Occupancy expenses:								
Taxes	1.19	.68	.48	.54	.73	.42	.57	.60
Insurance .....	.72	.69	.77	.61	.48	.43	.58	.59
Rent	—	6.46	5.39	4.11	5.21	4.26	4.81	4.58
Heat, light and power .....	.71	.92	.70	.71	.64	.57	.68	.68
Repairs and maintenance	1.34	.65	.54	.65	.57	.66	.61	.65
Depreciation allowances	1.65	.95	.69	.49	.69	1.32	.72	.76
Total occupancy expenses	5.61	10.35	8.57	7.11	8.32	7.66	7.97	7.86
Office and store supplies .....	.41	.72	.82	.74	.70	.93	.77	.75
Advertising	3.79	1.09	1.20	1.73	1.60	2.73	1.70	1.80
Net loss on bad debts .....	.10	.37	.25	.15	.28	.23	.23	.22
All other expenses	3.19	5.54	4.20	3.97	3.08	3.26	3.73	3.70
Total operating expenses	29.91	34.53	32.63	29.54	31.18	32.00	31.20	31.14
Net operating profit	3.05	— .78	.51	1.26	3.76	2.03	1.85	1.91
Non-trading income .....	.55	.06	.84	1.25	.63	1.01	.90	.88
Non-trading expense	—	.35	—	.01	—	.14	.04	.04
Net profit before allowances for income tax	3.60	— 1.07	1.35	2.50	4.39	2.90	2.71	2.75

LINGERIE AND HOSIERY STORES, INDEPENDENT

Stores in this category are primarily engaged in the sale of any or all of the following lines: women's corsets, girdles, negligees, slips, brassieres, underwear, blouses, nightgowns, hosiery, etc. They may also sell such accessories as gloves, handbags, knitted goods, etc.

For the first time data were collected from independent stores operated by unincorporated businesses and incorporated companies. Less than 20 usable reports were received. The gross profit for independent, unincorporated businesses was 31.81 per cent of net sales in 1964. For 1961, the Census of Merchandising produced a figure of 33.6 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, excluding the pay for delivery employees, in 1964, were 6.85 per cent, delivery expense was 0.26 per cent, occupancy expenses were 9.77 per cent,

office and store supplies 0.46 per cent, all other expenses 3.95 per cent, making total operating expenses 21.29 per cent of net sales. Net operating profit before deduction of proprietors' salaries, withdrawals and income tax, was 10.52 per cent of net sales.

In the incorporated sector, the gross profit for all stores was 35.49 per cent of net sales in 1964. Salaries and wages, excluding the pay for delivery employees were 17.95 per cent. Delivery expense was 0.36 per cent, occupancy expenses were 10.15 per cent, office and store supplies 0.95 per cent, all other expenses 2.86 per cent, making total operating expenses 32.27 per cent of net sales. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 3.22 per cent of net sales. The addition of net non-trading income was 0.43 per cent.

TABLE 7. Lingerie and Hosiery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Rented stores with annual net sales of		
	Under \$50,000	\$50,000-499,999	Total
Number of businesses reporting	7	8	15
Average net sales per business	25,200	102,272	53,794
Average beginning inventory	6,545	19,926	11,509
Average inventory, end of year	6,560	20,035	11,559
Average cost of goods sold	16,935	72,151	37,420
Stock turnover (times per year)	2.58	3.61	3.24
Profit and loss data (Per cent of net sales)			
Gross profit	32.13	31.28	31.81
Operating expenses:			
Employees' salaries and wages (except delivery)	6.31	7.77	6.85
Delivery expenses (including salaries and wages) .....	.29	.21	.26
Occupancy expenses:			
Taxes .....	.54	.47	.50
Insurance .....	.88	.54	.75
Rent	7.87	4.57	6.65
Heat, light and power .....	.72	.63	.69
Repairs and maintenance .....	.66	.69	.67
Depreciation allowances .....	.44	.61	.51
Total occupancy expenses	11.11	7.51	9.77
Office and store supplies .....	.37	.61	.46
Advertising .....	.85	1.88	1.23
Net loss on bad debts	—	.05	.02
All other expenses	2.52	3.00	2.70
Total operating expenses	21.45	21.03	21.29
Net operating profit	10.68	10.25	10.52
Non-trading income	—	.01	--
Non-trading expense	—	—	—
Net profit before deduction of proprietors' salaries, withdrawals and income tax	10.68	10.26	10.52

TABLE 8. Lingerie and Hosiery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated companies), 1964

Item	Rented premises, total all sizes
Number of businesses reporting	4
Average net sales per business	78,112
Average beginning inventory	26,841
Average inventory, end of year	27,802
Average cost of goods sold	50,416
Stock turnover (times per year)	1.85
Profit and loss data (Per cent of net sales)	
Gross profit	35.49
Operating expenses:	
Employees' salaries and wages (except delivery)	17.95
Delivery expenses (including salaries and wages) .....	.36
Occupancy expenses:	
Taxes .....	.66
Insurance .....	.89
Rent	5.27
Heat, light and power	1.78
Repairs and maintenance .....	.78
Depreciation allowances .....	.77
Total occupancy expenses	10.15
Office and store supplies .....	.95
Advertising	1.34
Net loss on bad debts	—
All other expenses	1.52
Total operating expenses	32.27
Net operating profit	3.22
Non-trading income .....	.43
Non-trading expense	
Net profit before allowances for income tax	3.65

MILLINERY STORES, INDEPENDENT

Stores in this category are primarily engaged in the sale of women's ready-made and/or custom-made hats including hat frames and trimmings. Sales may include a limited amount of other accessories.

For the first time data were collected from independent stores operated by unincorporated businesses and incorporated companies. Over 20 usable reports were received. The gross profit for independent, unincorporated businesses was 44.15 per cent of net sales in 1964. Data were not received on this feature of the trade from this category of store by the 1961 Census of Merchandising. Salaries and wages, in 1964, excluding the pay for delivery employees, were 14.47 per cent of net sales, delivery expense was 0.35 per cent, occupancy expenses were 15.16 per cent, office and store supplies 1.91 per cent, all other expenses 5.34 per cent, making total

operating expenses 37.23 per cent of net sales. Net operating profit before deduction of proprietors' salaries, withdrawals and income tax, and addition of net non-trading income, was 6.92 per cent. Taking account of non-trading income and expense, net profit was 6.99 per cent of net sales.

In the incorporated sector, the gross profit for all stores was 42.28 per cent of net sales in 1964. Salaries and wages were 24.47 per cent, occupancy expenses were 10.65 per cent, office and store supplies 1.55 per cent, all other expenses 5.02 per cent, making total operating expenses 41.69 per cent of net sales. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 0.59 per cent of net sales. The addition of net non-trading income was 1.15 per cent.

TABLE 9. Millinery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Rented premises with annual net sales of			
	Under \$19,999	\$20,000-49,999	\$50,000-99,999	Total
Number of businesses reporting	5	7	5	17
Average net sales per business	11,896	29,746	79,194	26,588
Average beginning inventory	5,322	4,162	6,474	4,901
Average inventory, end of year	5,381	4,214	7,207	5,022
Average cost of goods sold	6,837	16,168	46,958	14,995
Stock turnover (times per year)	1.28	3.86	6.86	3.02
Profit and loss data (Per cent of net sales)				
Gross profit	43.65	45.35	40.70	44.15
Operating expenses:				
Employees' salaries and wages (except delivery)	12.84	15.95	14.96	14.47
Delivery expenses (including salaries and wages) .....	.39	.24	.64	.35
Occupancy expenses:				
Taxes	1.56	1.08	.23	1.21
Insurance	1.38	.89	.49	1.07
Rent	10.49	10.49	4.64	9.92
Heat, light and power	1.17	1.21	.86	1.14
Repairs and maintenance	1.03	1.86	.62	1.37
Depreciation allowances .....	.40	.29	1.42	.45
Total occupancy expenses	16.03	15.82	8.06	15.16
Office and store supplies	2.78	1.22	1.11	1.91
Advertising	1.07	.99	1.46	1.07
Net loss on bad debts	—	—	—	—
All other expenses	4.89	3.92	3.12	4.27
Total operating expenses	38.00	38.14	29.35	37.23
Net operating profit	5.65	7.21	11.35	6.92
Non-trading income	—	.21	.05	.10
Non-trading expense .....	.01	.06	—	.03
Net profit before deduction of proprietors' salaries, withdrawals and income tax	5.64	7.36	11.40	6.99

TABLE 10. Millinery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated companies), 1964

Item	Rented premises, total all sizes
Number of businesses reporting	4
Average net sales per business	96,297
Average beginning inventory	25,829
Average inventory, end of year	24,516
Average cost of goods sold	55,180
Stock turnover (times per year)	2.19
Profit and loss data (Per cent of net sales)	
Gross profit	42.28
Operating expenses:	
Employees' salaries and wages (except delivery)	24.47
Delivery expenses (including salaries and wages)	—
Occupancy expenses:	
Taxes .....	.77
Insurance .....	.44
Rent	7.39
Heat, light and power .....	.92
Repairs and maintenance .....	.41
Depreciation allowances .....	.72
Total occupancy expenses	10.65
Office and store supplies	1.55
Advertising .....	.83
Net loss on bad debts .....	.22
All other expenses	3.97
Total operating expenses	41.69
Net operating profit .....	.59
Non-trading income	1.15
Non-trading expense	—
Net profit before allowances for income tax	1.74

FURRIERS AND FUR STORES, INDEPENDENT

This classification contains retail establishments selling mainly ready-made and/or custom-made fur coats and other fur apparel. Repairing, remodelling and storing of furs and fur apparel may be included as part of the business of stores in this category.

For the first time data were collected from independent stores operated by unincorporated businesses and incorporated companies. Forty-six usable reports were received. The gross profit for independent, unincorporated businesses was 46.30 per cent of net sales in 1964. For 1961, the Census of Merchandising produced a figure of 40.9 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1964, excluding the pay for delivery employees, were 13.29 per cent of net sales. Delivery expense was 2.66 per cent, occupancy expenses were 11.19 per cent, office and store supplies 0.72 per cent and all other expenses 7.23 per cent, making total operating expenses 35.09 per cent of net sales. Net operating profit, before deduction of proprietors' salaries, with-

drawals and income tax and addition of net non-trading income, was 11.21 per cent. Taking account of non-trading income and expense, net profit was 12.20 per cent of net sales. In the detailed tables, there is a distinction made between stores with owned premises and stores with rented premises.

For incorporated companies, the gross profit for all stores was 40.41 per cent of net sales in 1964. Salaries and wages, excluding the pay for delivery employees, were 19.11 per cent of net sales. Delivery expense was 2.04 per cent, occupancy expenses were 8.46 per cent, office and store supplies 0.71 per cent and all other expenses 7.38 per cent, making total operating expenses 37.70 per cent of net sales. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 2.71 per cent. Taking account of non-trading income and expense, net profit was 3.72 per cent of net sales. In the detailed tables, there is a distinction made between stores with owned premises and stores with rented premises.

TABLE 11. Furriers and Fur Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Owned premises with annual net sales of \$10,000-19,999	Rented premises with annual net sales of			Total owned and rented
		\$20,000-49,999	\$ 50,000-199,999	Total	
Number of businesses reporting	6	6	6	15	21
Average net sales per business	99,584	33,952	94,815	64,938	75,998
Average beginning inventory	33,546	9,492	25,011	17,821	22,841
Average inventory, end of year	32,246	9,530	26,451	18,389	22,812
Average cost of goods sold	54,978	17,636	54,878	36,542	42,427
Stock turnover (times per year)	1.67	1.85	2.13	2.02	1.86
Profit and loss data (Per cent of net sales)					
Gross profit	43.03	49.24	44.17	47.84	46.30
Operating expenses:					
Employees' salaries and wages (except delivery)	16.66	12.20	13.26	11.71	13.29
Delivery expenses (including salaries and wages)	2.26	1.63	2.93	2.85	2.66
Occupancy expenses:					
Taxes	2.37	.91	.85	.94	1.40
Insurance	2.05	2.83	3.19	3.05	2.73
Rent	—	7.57	4.66	6.76	4.60
Heat, light and power	1.35	1.11	.65	1.03	1.13
Repairs and maintenance .....	.56	1.08	.70	.75	.69
Depreciation allowances .....	.75	.15	.46	.58	.64
Total occupancy expenses	7.08	13.65	10.51	13.11	11.19
Office and store supplies .....	.64	.42	.79	.76	.72
Advertising	1.93	1.33	1.43	1.57	1.69
Net loss on bad debts .....	.08	.15	.13	.16	.13
All other expenses	3.43	6.02	5.74	6.34	5.41
Total operating expenses	32.08	35.40	34.79	36.50	35.09
Net operating profit	10.95	13.84	9.38	11.34	11.21
Non-trading income	2.55	2.63	.84	1.42	1.78
Non-trading expense .....	.27	1.98	.67	1.04	.79
Net profit before deduction of proprietors' salaries, with- drawals and income tax	13.23	14.49	9.55	11.72	12.20

TABLE 12. Furriers and Fur Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies), 1964

Item	Owned premises, total all sizes	Rented premises with annual net sales of				Total owned and rented
		\$50,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999	Total	
Number of businesses reporting	3	6	6	6	22	25
Average net sales per business	183,982	84,882	141,695	241,898	214,107	210,468
Average beginning inventory	51,584	36,022	50,256	92,287	88,105	83,693
Average inventory, end of year	54,392	34,357	61,838	95,811	91,789	87,271
Average cost of goods sold	121,536	50,096	80,042	147,883	125,523	125,041
Stock turnover (times per year)	2.29	1.42	1.43	1.57	1.40	1.46
Profit and loss data (Per cent of net sales)						
Gross profit	35.53	40.98	43.51	38.87	41.08	40.41
Operating expenses:						
Employees' salaries and wages (except delivery)	14.61	17.72	23.64	17.06	19.73	19.11
Delivery expenses (including salaries and wages)	.96	1.52	1.84	1.87	2.19	2.04
Occupancy expenses:						
Taxes	1.08	.73	.84	1.09	.85	.88
Insurance	2.93	3.47	1.59	2.05	2.17	2.26
Rent	—	3.71	4.76	4.76	4.18	3.67
Heat, light and power .....	.42	.51	.60	.42	.50	.49
Repairs and maintenance .....	.14	.39	.29	.49	.40	.37
Depreciation allowances	1.59	1.05	.33	.48	.68	.79
Total occupancy expenses	6.16	9.86	8.41	9.29	8.78	8.46
Office and store supplies .....	.61	1.09	.66	.66	.72	.71
Advertising	2.22	2.54	2.56	3.38	3.12	3.01
Net loss on bad debts .....	.18	.30	.20	.42	.28	.27
All other expenses	1.32	5.09	5.33	3.74	4.48	4.10
Total operating expenses	26.06	38.12	42.64	36.42	39.30	37.70
Net operating profit	9.47	2.86	.87	2.45	1.78	2.71
Non-trading income .....	.97	.25	2.53	.70	1.19	1.16
Non-trading expense	—	-.09	.45	.02	.17	.15
Net profit before allowances for income tax	10.44	3.02	2.95	3.13	2.80	3.72

CHILDREN'S AND INFANTS' WEAR STORES, INDEPENDENT

Stores in this category are retail establishments specializing in the sale of children's and/or infants' clothing, furnishings and accessories.

For the first time data were collected from independent stores operated by unincorporated businesses and incorporated companies. Thirty-five usable reports were received. The gross profit for independent, unincorporated businesses was 27.67 per cent of net sales in 1964. For 1961, the Census of Merchandising produced a figure of 30.6 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1964, excluding the pay for delivery employees, were 4.93 per cent of net sales. Delivery expense was 0.31 per cent, occupancy expenses were 7.49 per cent, office and store supplies 0.88 per cent and all other expenses 4.22 per cent, making total operating expenses 17.83 per cent of net sales. Net operating profit, before deduction of proprietors'

salaries, withdrawals and income tax and addition of net non-trading income, was 9.84 per cent. The addition of net non-trading income was 0.11 per cent. In the detailed tables, for unincorporated businesses, there is a distinction made between stores with owned premises and stores with rented premises.

In the incorporated sector, the gross profit of children's and infants' wear stores was 30.58 per cent of net sales in 1964. Salaries and wages, excluding the pay for delivery employees were 12.81 per cent. Delivery expense was 0.21 per cent, occupancy expenses were 9.73 per cent, office and store supplies 0.67 per cent, all other expenses 4.62 per cent, making total operating expenses 28.04 per cent of net sales. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 2.54 per cent of net sales. The addition of net non-trading income was 0.14 per cent.

TABLE 13. Children's and Infants' Wear Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Owned premises with annual net sales of \$10,000 - 49,999	Rented premises with annual net sales of			Total owned and rented
		Under \$50,000	\$ 50,000 - 199,999	Total	
Number of businesses reporting	6	8	9	17	23
Average net sales per business	30,581	29,902	82,095	55,071	52,026
Average beginning inventory	10,977	13,018	23,537	18,090	17,206
Average inventory, end of year	11,063	12,967	24,571	18,563	17,631
Average cost of goods sold	22,674	21,673	58,324	39,347	37,274
Stock turnover (times per year)	2.06	1.67	2.42	2.15	2.14
Profit and loss data (Per cent of net sales)					
Gross profit	26.15	26.71	29.13	27.88	27.67
Operating expenses:					
Employees' salaries and wages (except delivery)	1.31	3.57	7.44	5.44	4.93
Delivery expenses (including salaries and wages)	—	.05	.66	.35	.31
Occupancy expenses:					
Taxes	1.29	.56	.63	.59	.68
Insurance .....	.60	.61	.47	.54	.55
Rent	—	4.80	5.29	5.04	4.41
Heat, light and power .....	.88	.91	.64	.78	.79
Repairs and maintenance .....	.28	.25	.28	.26	.26
Depreciation allowances .....	.91	.82	.73	.78	.80
Total occupancy expenses	3.96	7.95	8.04	7.99	7.49
Office and store supplies .....	.50	.86	1.02	.94	.88
Advertising .....	.54	.51	1.45	.96	.91
Net loss on bad debts .....	.19	—	.01	—	.02
All other expenses	2.73	2.71	4.08	3.37	3.29
Total operating expenses	9.23	15.65	22.70	19.05	17.83
Net operating profit	16.92	11.06	6.43	8.83	9.84
Non-trading income	—	.24	.02	.13	.11
Non-trading expense	—	—	—	—	—
Net profit before deduction of proprietors' salaries, with-drawals and income tax	16.92	11.30	6.45	8.96	9.95

TABLE 14. Children's and Infants' Wear Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies), 1964

Item	Rented stores with annual sales of		
	\$ 50,000 - 199,999	\$200,000 - and over	Total
Number of businesses reporting	8	3	12
Average net sales per business	112,650	395,176	192,104
Average beginning inventory	31,552	90,367	48,093
Average inventory, end of year	29,811	103,212	50,454
Average cost of goods sold	77,890	276,981	133,880
Stock turnover (times per year)	2.54	2.86	2.72
Profit and loss data (Per cent of net sales)			
Gross profit	31.07	29.32	30.58
Operating expenses:			
Employees' salaries and wages (except delivery)	12.71	13.06	12.81
Delivery expenses (including salaries and wages) .....	.19	.25	.21
Occupancy expenses:			
Taxes .....	.69	.33	.59
Insurance .....	.67	.49	.62
Rent	6.02	5.62	5.91
Heat, light and power .....	.57	.71	.61
Repairs and maintenance .....	.42	.28	.38
Depreciation allowances	1.88	.87	1.62
Total occupancy expenses	10.25	8.40	9.73
Office and store supplies .....	.68	.63	.67
Advertising	1.82	.81	1.53
Net loss on bad debts .....	.01	—	.01
All other expenses	3.49	2.05	3.08
Total operating expenses	29.15	25.20	28.04
Net operating profit	1.92	4.12	2.54
Non-trading income .....	.07	.31	.14
Non-trading expense	—	—	—
Net profit before allowances for income tax	1.99	4.43	2.68

FAMILY CLOTHING AND FURNISHING STORES, INDEPENDENT

This classification contains retail establishments selling mainly men's, women's, children's and infants' clothing and furnishings. Other items may include piece goods, notions, house furnishings, footwear, etc.

Slightly less than 200 usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent, unincorporated businesses was 26.67 per cent of net sales in 1964 compared with 26.56 per cent in 1960. For 1961, the Census of Merchandising produced a figure of 30.4 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1964, excluding the pay for delivery employees, were 6.28 per cent of net sales compared with 6.95 per cent in 1960. Delivery expense was 0.38 per cent (0.40 per cent in 1960). Occupancy expenses were 5.97 per cent, (6.02 per cent), office and store supplies 0.53 per cent (0.49 per cent), all other expenses 4.32 per cent (4.18 per cent). Total operating expenses were 17.48 per cent (18.04 per cent) and net operating profit, before deduction of proprietors' salaries, withdrawals and income tax, and addition of net non-trading income, was 9.19 per cent (8.52 per cent).

Taking account of non-trading income and expense, net profit was 9.50 per cent of net sales compared with 9.28 per cent in 1960. In the detailed tables, there is a distinction made between stores with owned premises and stores with rented premises.

In the incorporated sector of the trade, the gross profit registered for 1964 was 30.04 per cent of net sales as compared to 30.48 per cent in 1960. Salaries and wages, in 1964, were 15.53 per cent (15.92 per cent in 1960), delivery expense was 0.33 per cent (0.27 per cent), occupancy expenses 6.11 per cent (4.84 per cent), office and store supplies 0.66 per cent (0.80 per cent), all other expenses 5.54 per cent (6.54 per cent). Total operating expenses were 28.17 per cent, in 1964, against 28.37 per cent in 1960. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 1.87 per cent versus 2.11 per cent in 1960. The addition of net non-trading income was 0.93 per cent, making net profit before provision for income tax of 2.80 per cent (3.47 per cent in 1960). A distinction is also made in this category between stores with owned premises and stores with rented premises.

TABLE 15. Operating Results of Independent Family Clothing and Furnishing Stores, 1954-64

Item	Unincorporated businesses					Incorporated				
	1954	1956	1958	1960	1964	1954	1956	1958	1960	1964
per cent of net sales										
Gross profit	25.88	26.54	27.12	26.56	26.67	29.45	30.32	30.55	30.48	30.04
Operating expenses:										
Employees' salaries and wages	7.27	7.14	7.41	6.95	6.28	15.73	15.71	15.30	15.92	15.53
Occupancy expenses	5.38	5.50	6.01	6.02	5.97	4.97	4.78	5.09	4.84	6.11
Office and store supplies	0.55	0.55	0.54	0.49	0.53	0.89	0.81	0.90	0.80	0.66
Advertising	1.17	1.27	1.21	1.02	1.10	2.46	2.56	2.60	2.41	1.83
All other expenses	2.85	3.06	3.50	3.56	3.60	3.07	3.19	4.18	4.40	4.04
Total operating expenses	17.22	17.52	18.67	18.04	17.48	27.12	27.05	28.07	28.37	28.17
Net operating profit before deduction of proprietors' salaries or withdrawals (in the case of unincorporated businesses) and income tax and addition of net non-trading income	8.66	9.02	8.45	8.52	9.19	2.33	3.27	2.48	2.11	1.87

Note: These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores.

TABLE 16. Family Clothing and Furnishing Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Owned premises with annual net sales of					Total
	Under \$30,000	\$30,000 - 49,999	\$50,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999	
Number of businesses reporting	13	13	25	9	3	63
Average net sales per business	20,136	41,674	73,468	123,029	258,673	88,275
Average beginning inventory	13,413	27,490	26,289	51,977	81,259	33,511
Average inventory, end of year	13,177	18,375	26,591	50,475	96,763	35,094
Average cost of goods sold	14,400	29,693	55,670	94,870	182,467	65,260
Stock turnover (times per year)	1.08	1.66	2.11	1.85	2.05	1.90
Profit and loss data (Per cent of net sales)						
Gross profit	29.06	28.75	24.22	22.89	29.51	26.18
Operating expenses:						
Employees' salaries and wages (except delivery)	2.84	6.06	5.54	6.82	12.79	6.20
Delivery expenses (including salaries and wages) .....	.65	.49	.31	.55	.23	.44
Occupancy expenses:						
Taxes	2.04	1.28	.83	.83	.48	1.08
Insurance	1.75	.92	.82	1.00	.46	1.00
Rent	—	—	—	—	—	—
Heat, light and power	1.77	1.45	.77	.68	.74	1.05
Repairs and maintenance .....	.64	.62	.60	.50	.72	.60
Depreciation allowances	2.25	1.17	1.45	1.54	.56	1.46
Total occupancy expenses	8.45	5.44	4.47	4.55	2.96	5.19
Office and store supplies .....	.69	.39	.44	.29	.58	.46
Advertising .....	.95	.79	.71	.76	1.29	.84
Net loss on bad debts .....	.23	.56	.17	.25	—	.25
All other expenses	3.68	3.82	3.04	2.47	2.29	3.10
Total operating expenses	17.49	17.55	14.68	15.69	20.14	16.48
Net operating profit	11.57	11.20	9.54	7.20	9.37	9.70
Non-trading income	1.29	.48	.78	.76	1.13	.85
Non-trading expense .....	.07	.25	.18	.11	.37	.18
Net profit before deduction of proprietors' salaries, withdrawals and income tax	12.79	11.43	10.14	7.85	10.13	10.37
Rented premises with annual net sales of						Total owned and rented
	\$10,000 - 49,999	\$50,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999	Total	
Number of businesses reporting	12	15	8	3	38	10.1
Average net sales per business	29,531	68,658	152,838	247,821	88,557	88,407
Average beginning inventory	13,463	25,275	50,766	41,819	28,485	31,156
Average inventory, end of year	13,310	26,651	49,419	47,386	29,088	32,280
Average cost of goods sold	21,011	51,112	109,753	179,178	64,325	64,822
Stock turnover (times per year)	1.57	1.97	2.19	4.02	2.23	2.04
Profit and loss data (Per cent of net sales)						
Gross profit	28.50	25.55	28.19	27.70	27.22	26.67
Operating expenses:						
Employees' salaries and wages (except delivery)	2.96	5.94	9.72	12.90	6.37	6.28
Delivery expenses (including salaries and wages) .....	.31	.46	.22	—	.32	.38
Occupancy expenses:						
Taxes .....	.58	.49	.27	.51	.47	.79
Insurance	1.32	.77	.73	.50	.91	.96
Rent	4.76	2.68	2.69	2.65	3.33	1.56
Heat, light and power .....	.94	.68	.60	.72	.75	.91
Repairs and maintenance .....	.36	.31	.87	.37	.46	.54
Depreciation allowances	1.16	.63	1.23	.57	.93	1.21
Total occupancy expenses	9.12	5.56	6.39	5.32	6.85	5.97
Office and store supplies .....	.54	.64	.53	.91	.60	.53
Advertising	1.46	1.59	.94	1.48	1.40	1.10
Net loss on bad debts .....	.01	.21	.17	— .01	.12	.19
All other expenses	3.32	2.31	4.07	1.56	2.96	3.03
Total operating expenses	17.72	16.71	22.04	22.16	18.62	17.48
Net operating profit	10.78	8.84	6.15	5.54	8.60	9.19
Non-trading income .....	.11	.06	.03	.03	.07	.48
Non-trading expense .....	.41	.05	—	.08	.16	.17
Net profit before deduction of proprietors' salaries, withdrawals and income tax	10.48	8.85	6.18	5.49	8.51	9.50

TABLE 17. Family Clothing and Furnishing Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies), 1964

Item	Owned premises with annual net sales of					
	\$50,000- 199,999		\$200,000- 499,999		Total	
Number of businesses reporting.....	10		10		20	
Average net sales per business.....	131,796		261,757		191,045	
Average beginning inventory.....	43,026		70,158		55,395	
Average inventory, end of year.....	45,114		73,936		58,254	
Average cost of goods sold.....	91,747		193,870		138,305	
Stock turnover (times per year).....	2.08		2.69		2.43	
Profit and Loss data (Per cent of net sales)						
Gross profit.....	29.85		25.93		28.06	
Operating expenses:						
Employees' salaries and wages (except delivery).....	15.60		12.80		14.32	
Delivery expenses (including salaries and wages).....	.50		.54		.52	
Occupancy expenses:						
Taxes.....	.75		.77		.76	
Insurance.....	.60		.90		.74	
Rent.....	.85		.69		.78	
Heat, light and power.....	.55		.66		.60	
Repairs and maintenance.....	1.53		1.27		1.41	
Depreciation allowances.....	4.28		4.29		4.29	
Office and store supplies.....	.58		.72		.64	
Advertising.....	1.46		1.22		1.35	
Net loss on bad debts.....	.23		.67		.43	
All other expenses.....	3.72		2.09		2.98	
Total operating expenses.....	26.37		22.33		24.53	
Net operating profit.....	3.48		3.60		3.53	
Non-trading income.....	.47		1.46		.92	
Non-trading expense.....	.51		—		.28	
Net profit before allowances for income tax.....	3.44		5.06		4.17	
Rented premises with annual net sales of						
	\$30,000- 99,999	\$100,000- 199,999	\$200,000- 499,999	\$500,000- 999,999	\$1,000,000 and over	Total owned and rented
Number of businesses reporting.....	13	14	24	10	4	65
Average net sales per business.....	67,912	137,709	308,905	659,093	1,978,724	424,868
Average beginning inventory.....	28,903	52,655	81,438	169,400	310,312	99,233
Average inventory, end of year.....	30,142	52,718	87,849	177,230	409,486	125,522
Average cost of goods sold.....	47,246	98,317	214,668	453,399	1,305,265	290,520
Stock turnover (times per year).....	1.60	1.87	2.54	2.62	3.63	2.76
Profit and Loss data (Per cent of net sales)						
Gross profit.....	30.13	28.61	30.51	31.21	34.03	30.54
Operating expenses:						
Employees' salaries and wages (except delivery).....	16.40	15.14	15.97	15.50	16.99	15.53
Delivery expenses (including salaries and wages).....	.63	.24	.32	.04	.26	.33
Occupancy expenses:						
Taxes.....	.64	.45	.57	.60	.44	.55
Insurance.....	.65	.83	.51	.57	.35	.59
Rent.....	4.58	3.62	3.38	3.98	2.67	3.64
Heat, light and power.....	1.15	.70	.58	.78	.47	.71
Repairs and maintenance.....	.37	.38	.44	.45	.54	.47
Depreciation allowances.....	.71	.49	.53	.62	1.79	.69
Total occupancy expenses.....	8.10	6.47	6.01	7.00	6.26	6.61
Office and store supplies.....	.40	.53	.56	1.02	.91	.67
Advertising.....	1.08	1.01	1.78	2.56	4.27	1.83
Net loss on bad debts.....	.36	.36	.77	.75	.15	.57
All other expenses.....	3.76	3.34	2.74	3.05	4.38	3.17
Total operating expenses.....	30.73	27.09	28.15	29.92	33.22	29.18
Net operating profit.....	- .60	1.52	2.36	1.29	.81	1.87
Non-trading income.....	.39	.19	.85	2.28	2.48	1.14
Non-trading expense.....	.05	.09	.13	.10	.34	.13
Net profit before allowances for income tax.....	- .26	1.62	3.08	3.47	2.95	2.80

CHILDREN'S AND INFANTS' SHOE STORES, INDEPENDENT

Stores in this category are primarily engaged in selling children's and infants' footwear and frequently carry hosiery and other children's accessories. A limited amount of repair work may be done.

For the first time data were collected from independent stores operated by unincorporated businesses and incorporated companies. For all children's and infants' shoe stores the gross profit, in 1964, was 36.88 per cent of net sales. For 1961, the Census of Merchandising produced a figure of 36.1 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and

wages, in 1964, excluding the pay for delivery employees, were 20.90 per cent of net sales. Delivery expense was 1.28 per cent, occupancy expenses were 7.19 per cent, office and store supplies 0.79 per cent, all other expenses 5.06 per cent. Total operating expenses were 35.22 per cent and net operating profit, before deduction of proprietors' salaries, withdrawals and income tax or allowances for income tax in the case of incorporated companies reached 1.66 per cent of net sales. Taking account of non-trading income and expense, net profit was 1.67 per cent of net sales in 1964.

TABLE 18. Children's and Infants' Shoe Stores, Independent, Operating Results of Unincorporated Businesses and Incorporated Companies, 1964

Item	Owned and rented premises, total all sizes
Number of businesses reporting.....	4
Average net sales per business.....	77,672
Average beginning inventory.....	32,561
Average inventory, end of year.....	31,995
Average cost of goods sold.....	50,288
Stock turnover (times per year).....	1.56
Profit and loss data (Per cent of net sales)	
Gross profit	36.88
Operating expenses:	
Employees' salaries and wages (except delivery).....	20.90
Delivery expenses (including salaries and wages).....	1.28
Occupancy expenses:	
Taxes.....	.56
Insurance.....	.54
Rent.....	3.08
Heat, light and power.....	.93
Repairs and maintenance.....	.39
Depreciation allowances.....	1.69
Total occupancy expenses	7.19
Office and store supplies.....	.79
Advertising.....	1.99
Net loss on bad debts.....	.05
All other expenses.....	3.02
Total operating expenses	35.22
Net operating profit	1.66
Non-trading income.....	.01
Non-trading expense.....	-
Net profit before deduction of proprietors' salaries, withdrawals (in the case of unincorporated businesses) and income tax	1.67

FAMILY SHOE STORES, INDEPENDENT

This classification includes retail establishments selling mainly a combined line of men's and boys', women's and misses' and children's and infants' footwear and frequently carrying hosiery, gloves, handbags, other accessories, luggage and other leather goods. A limited amount of repair work may be included.

Over 130 usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent, unincorporated businesses was 30.48 per cent of net sales in 1964 compared with 30.05 per cent in 1960. For 1961, the Census of Merchandising produced a figure of 34.1 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1964, excluding the pay for delivery employees, were 8.61 per cent (7.69 per cent in 1960). Delivery expense was 0.43 per cent (0.28 per cent), occupancy expenses were 6.66 per cent (6.49 per cent), office and store supplies 0.64 per cent (0.48 per cent), all other expenses 4.55 per cent (4.13 per cent), making total operating expenses 20.89 per cent of net sales, as against 19.07 per cent in 1960. Net operating profit before

deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income was 9.59 per cent (10.98 per cent). The addition of net non-trading income and non-trading expense was 0.65 per cent in 1964 versus 0.77 per cent in 1960. In the detailed tables, a distinction is made between stores with owned premises and stores with rented premises.

In the incorporated sector of the trade, gross profit was 34.13 per cent of total net sales, as compared to 34.08 per cent in 1960. Salaries and wages were, in 1964, 16.89 per cent (19.07 per cent in 1964), delivery expense was 0.33 per cent (0.20 per cent), occupancy expenses 8.15 per cent (6.13 per cent), office and store supplies 0.52 per cent (0.48 per cent) and all other expenses were 5.05 (5.19 per cent). Operating expenses decreased to 30.94 per cent in 1964 from 31.07 in 1960. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 3.19 per cent of net sales compared with 3.01 per cent in 1960. Taking account of non-trading income and expense, net profit was 3.35 per cent of net sales (3.12 per cent in 1960).

TABLE 19. Operating Results of Independent Family Shoe Stores, 1954-64

Item	Unincorporated businesses					Incorporated				
	1954	1956	1958	1960	1964	1954	1956	1958	1960	1964
	per cent of net sales									
Gross profit.....	27.77	29.43	29.31	30.05	30.48	31.49	33.49	33.21	34.08	34.13
Operating expenses:										
Employees' salaries and wages.....	7.74	7.46	7.52	7.69	8.61	16.98	18.13	17.29	19.07	16.89
Occupancy expenses	5.76	6.42	6.12	6.49	6.66	6.54	6.55	6.68	6.13	8.15
Office and store supplies	0.47	0.53	0.49	0.48	0.64	0.59	0.56	0.52	0.48	0.52
Advertising	1.10	1.31	1.30	1.38	1.50	1.99	2.16	2.07	1.99	1.72
All other expenses.....	2.48	2.46	2.69	3.03	3.48	2.90	3.00	3.28	3.40	3.66
Total operating expenses	17.55	18.18	18.12	19.07	20.89	29.00	30.40	29.84	31.07	30.94
Net operating profit before deduction of proprietors' salaries or withdrawals (in the case of unincorporated businesses) and income tax and addition of net non-trading income	10.22	11.25	11.19	10.98	9.59	2.49	3.09	3.37	3.01	3.19

Note: These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores.

TABLE 20. Family Shoe Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Owned premises with annual net sales of			Rented premises with annual net sales of					Total owned and rented
	\$30,000-49,999	\$50,000-99,999	Total	\$30,000-29,999	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999	Total	
Number of businesses reporting	3	7	18	7	12	27	7	55	73
Average net sales per business	34,971	68,224	62,439	23,959	39,776	72,400	140,760	84,418	76,556
Average beginning inventory	23,844	25,162	26,531	13,184	15,851	23,510	36,642	24,911	25,490
Average inventory, end of year	23,363	25,665	26,714	11,834	16,833	25,979	37,020	26,244	26,412
Average cost of goods sold	27,031	48,851	43,208	15,844	27,896	49,341	91,333	56,337	51,641
Stock turnover (times per year)	1.15	1.92	1.62	1.27	1.71	1.99	2.48	2.20	1.99
Profit and loss data (Per cent of net sales)									
Gross profit	22.70	28.40	27.13	33.87	29.87	31.85	35.11	32.34	30.48
Operating expenses:									
Employees' salaries and wages (except delivery)	5.64	9.64	8.77	5.67	5.23	8.14	13.11	8.52	8.61
Delivery expenses (including salaries and wages) .....	.31	.29	.52	.54	.45	.45	.15	.39	.43
Occupancy expenses:									
Taxes	1.26	1.08	1.56	.83	.76	.48	.29	.53	.90
Insurance .....	.47	.83	.91	.94	.73	.62	.41	.63	.73
Rent	—	—	—	5.64	4.70	4.66	3.52	4.45	2.86
Heat, light and power .....	.94	1.12	1.17	.70	.73	.62	.71	.65	.84
Repairs and maintenance .....	.54	.69	.77	.13	.35	.44	.45	.39	.53
Depreciation allowances	1.58	.91	1.04	.42	.82	.68	.66	.68	.80
Total occupancy expenses	4.79	4.63	5.45	8.66	8.14	7.50	6.04	7.33	6.66
Office and store supplies	1.32	.55	.67	.67	.40	.55	.96	.62	.64
Advertising .....	.56	1.87	1.23	.35	1.65	1.32	2.94	1.65	1.50
Net loss on bad debts	—	.04	.19	.06	—	.02	.24	.07	.11
All other expenses	3.05	3.01	2.77	4.41	2.82	2.58	2.87	3.03	2.94
Total operating expenses	15.67	20.03	19.60	20.36	18.69	20.56	26.31	21.61	20.89
Net operating profit	7.03	8.37	7.53	13.51	11.18	11.29	8.80	10.73	9.59
Non-trading income .....	.77	3.39	1.80	4.66	.01	.09	.39	.57	1.00
Non-trading expense	—	—	—	5.48	—	.04	—	.55	.35
Net profit before deduction of proprietors' salaries, withdrawals and income tax	7.80	11.76	9.33	12.69	11.19	11.34	9.19	10.75	10.24

TABLE 21. Family Shoe Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies), 1964

Item	Rented premises with annual net sales of				
	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999	\$200,000-499,999	Total
Number of businesses reporting	4	15	23	14	56
Average net sales per business	43,668	75,395	148,996	290,200	171,449
Average beginning inventory	19,580	34,812	43,731	82,575	51,542
Average inventory, end of year	18,468	31,786	45,660	90,017	54,335
Average cost of goods sold	25,653	50,975	98,680	192,746	112,098
Stock turnover (times per year)	1.35	1.53	2.21	2.23	2.12
Profit and loss data (Per cent of net sales)					
Gross profit	41.25	32.39	33.77	33.58	34.13
Operating expenses:					
Employees' salaries and wages (except delivery)	12.60	16.64	17.56	16.56	16.89
Delivery expenses (including salaries and wages)	—	.64	.22	.12	.33
Occupancy expenses:					
Taxes .....	.87	.30	.59	.53	.54
Insurance .....	.98	.74	.63	.55	.68
Rent	7.90	5.04	4.99	4.25	5.03
Heat, light and power .....	.70	.82	.62	.52	.66
Repairs and maintenance .....	.57	.50	.28	.39	.41
Depreciation allowances .....	.90	.98	.86	.63	.83
Total occupancy expenses	11.92	8.38	7.97	6.87	8.15
Office and store supplies .....	.63	.57	.60	.40	.52
Advertising	1.27	1.36	1.56	2.19	1.72
Net loss on bad debts .....	.02	.05	.10	.03	.06
All other expenses	4.34	3.43	2.84	3.54	3.27
Total operating expenses	30.78	31.07	30.85	29.71	30.94
Net operating profit	10.47	1.32	2.92	3.87	3.19
Non-trading income .....	.11	.01	.49	.23	.29
Non-trading expense	—	—	.—	.45	.13
Net profit before allowances for income tax	10.58	1.33	3.41	3.65	3.35

CUSTOM TAILORS, INDEPENDENT

This classification contains retail establishments selling mainly suits and other clothing for men and/or women (excluding fur apparel) made-to-measure on the premises to individual order.

For the first time data were collected from independent custom tailors. Over forty usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent, unincorporated businesses was 53.99 per cent of net sales in 1964. For 1961, the Census of Merchandising produced a figure of 52.1 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, excluding the pay for delivery employees, were 14.14 per cent of net sales, delivery expense was 0.96 per cent occupancy expenses were 11.16 per cent, office and store supplies 0.39 per cent, all other expenses 6.60 per cent, making total operating expenses 33.25 per cent of net sales. Net operating profit,

before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 20.74 per cent. Taking account of non-trading income and expense, net profit was 22.52 per cent of net sales. In the detailed tables a distinction is made between stores with owned premises and stores with rented premises.

In the incorporated sector of the trade, for all stores the gross profit was 48.72 per cent of net sales. Salaries and wages, excluding the pay for delivery employees, were 32.24 per cent, delivery expense was 0.45 per cent, occupancy expenses 5.77 per cent, office and store supplies 0.29 per cent and all other expenses 4.58 per cent, making total operating expenses 43.33 per cent. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 5.39 per cent of net sales. The addition of net non-trading income was 1.43 per cent of net sales.

TABLE 22. Custom Tailors, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Owned premises with annual net sales of		Rented premises with annual net sales of						Total owned and rented
	\$10,000-19,999	Total	Under \$10,000	\$10,000-19,999	\$20,000-29,999	\$30,000-49,999	\$50,000-99,000	Total	
Number of businesses reporting	5	8	11	7	6	5	5	34	42
Average net sales per business	16,057	12,458	7,391	15,204	24,493	38,027	55,848	30,539	28,501
Average beginning inventory	1,686	1,329	920	1,714	2,997	7,291	11,459	5,385	4,928
Average inventory, end of year	1,833	1,537	1,233	1,684	3,632	7,553	12,371	5,840	5,355
Average cost of goods sold.....	6,229	4,932	2,490	7,118	13,320	19,984	24,701	14,509	13,429
Stock turnover (times per year).....	3.54	3.44	2.31	4.19	4.02	2.69	2.07	2.58	2.61
Profit and loss data (Per cent of net sales)									
Gross profit.....	61.20	58.79	66.31	53.18	45.62	47.45	55.77	53.38	53.99
Operating expenses:									
Employees' salaries and wages (except delivery).....	13.42	9.38	8.33	13.77	8.98	14.07	24.00	14.75	14.14
Delivery expenses (including salaries and wages) ...	1.60	1.12	.75	1.78	.88	1.21	.26	.94	.96
Occupancy expenses:									
Taxes	2.36	2.32	1.00	.70	.89	.50	.33	.65	.84
Insurance	1.48	1.12	.86	.83	1.06	.94	.37	.78	.82
Rent	—	—	12.88	5.59	6.91	4.18	6.21	6.88	6.11
Heat, light and power.....	3.15	3.35	1.38	1.26	.85	1.01	1.70	1.27	1.50
Repairs and maintenance.....	.41	.61	1.01	.92	1.07	.40	1.69	1.08	1.02
Depreciation allowances	2.43	1.98	1.30	.20	.44	.57	1.13	.73	.87
Total occupancy expenses	9.83	9.38	18.43	9.50	11.22	7.60	11.43	11.39	11.16
Office and store supplies .....	.71	.59	.63	.18	.21	.55	.34	.36	.39
Advertising .....	.35	.36	.33	.89	1.51	1.46	1.45	1.18	1.09
Net loss on bad debts	—	—	.25	.05	.10	—	.24	.13	.12
All other expenses	6.57	6.66	5.98	7.00	3.49	4.68	5.06	5.23	5.39
Total operating expenses	32.48	27.49	34.70	33.17	26.39	29.57	42.78	33.98	33.25
Net operating profit	28.72	31.30	31.61	20.01	19.23	17.88	12.99	19.40	20.74
Non-trading income.....	7.56	6.09	.76	5.31	.73	—	1.72	1.84	2.32
Non-trading expense	3.04	2.12	—	.48	—	—	.91	.34	.54
Net profit before deduction of proprietors' salaries, withdrawals and income tax	33.24	35.27	32.37	24.84	19.96	17.88	13.80	20.90	22.52

**TABLE 23. Custom Tailors, Independent, Operating Results by Annual Sales
Volume and Type of Occupancy (Incorporated Companies), 1964**

Item	Rented premises, total all sizes
Number of businesses reporting	4
Average net sales per business	109,473
Average beginning inventory	9,687
Average inventory, end of year	12,471
Average cost of goods sold	55,270
Stock turnover (times per year)	4.99
Profit and loss data (Per cent of net sales)	
Gross profit	48.72
Operating expenses:	
Employees' salaries and wages (except delivery)	32.24
Delivery expenses (including salaries and wages) .....	.45
Occupancy expenses:	
Taxes .....	.31
Insurance .....	.36
Rent	2.62
Heat, light and power .....	.51
Repairs and maintenance .....	.69
Depreciation allowances	1.28
Total occupancy expenses	5.77
Office and store supplies .....	.29
Advertising .....	.49
Net loss on bad debts	1.30
All other expenses	2.79
Total operating expenses	43.33
Net operating profit	5.39
Non-trading income	1.43
Non-trading expense	-
Net profit before allowances for income tax	6.82

PIECE GOODS STORES, INDEPENDENT

Stores in this category are primarily engaged in selling piece goods and other textile material intended for making into apparel. They may also sell fabrics for making into curtains, cushions, upholstery, etc., but this should be a minor quantity.

For the first time data were collected from independent piece goods stores. Over fifty usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent, unincorporated businesses was 29.95 per cent of net sales in 1964. For 1961, the Census of Merchandising produced a figure of 31.0 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1964, excluding the pay for delivery employees, were 6.00 per cent of net sales, delivery expenses were 0.46 per cent, occupancy expenses 7.60 per cent, office and store supplies 0.48 per cent, all other expenses 4.17 per cent, making total operating expenses 18.71 per cent of net sales. Net operating profit, before deduction of proprietors'

salaries, withdrawals and income tax and addition of net non-trading income, was 11.24 per cent. Taking account of non-trading income and expense, net profit was 11.90 per cent of net sales. In the detailed tables, there is a distinction made between stores with owned premises and stores with rented premises.

In the incorporated sector of the trade, gross profit was 37.77 per cent of net sales. Salaries and wages, in 1964, excluding the pay for delivery employees, were 16.16 per cent, delivery expenses were 0.46 per cent, occupancy expenses 8.71 per cent, office and store supplies 0.76 per cent, all other expenses 4.82 per cent, making total operating expenses 30.91 per cent of net sales in 1964. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 6.86 per cent. Taking account of non-trading income and expense, net profit was 6.89 per cent of net sales in 1964.

TABLE 24. Piece Goods Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1964

Item	Owned premises with annual net sales of under \$100,000	Rented premises with annual net sales of			Total owned and rented
		\$30,000 - 49,999	\$50,000 - 99,999	Total	
Number of businesses reporting	16	6	13	25	41
Average net sales per business	37,970	40,850	75,090	54,325	47,362
Average beginning inventory	13,156	11,461	22,549	14,634	14,005
Average inventory, end of year	12,750	12,334	23,309	15,558	14,363
Average cost of goods sold	28,270	28,374	52,100	37,800	33,743
Stock turnover (times per year)	2.18	2.38	2.27	2.50	2.38
Profit and loss data (Per cent of net sales)					
Gross profit	27.91	30.54	30.62	31.46	29.95
Operating expenses:					
Employees' salaries and wages (except delivery)	4.92	5.90	8.33	6.80	6.00
Delivery expenses (including salaries and wages) .....	.45	.28	.67	.47	.46
Occupancy expenses:					
Taxes	1.67	.45	.51	.78	1.15
Insurance	1.25	.66	.78	.71	.94
Rent	—	5.26	4.11	5.78	3.32
Heat, light and power	1.35	.78	.63	.84	1.06
Repairs and maintenance .....	.53	.26	.45	.40	.46
Depreciation allowances .....	.81	1.02	.45	.56	.67
Total occupancy expenses	5.61	8.43	6.93	9.07	7.60
Office and store supplies .....	.37	.44	.62	.56	.48
Advertising .....	.47	1.08	1.11	.96	.75
Net loss on bad debts .....	.18	—	.05	.02	.09
All other expenses	4.31	2.35	2.35	2.61	3.33
Total operating expenses	16.31	18.48	20.06	20.49	18.71
Net operating profit	11.60	12.06	10.56	10.97	11.24
Non-trading income	2.27	.79	.01	.32	1.15
Non-trading expense .....	.81	—	.66	.25	.49
Net profit before deduction of proprietors' salaries, withdrawals and income tax	13.06	12.85	9.91	11.04	11.90

TABLE 25. Piece Goods Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Incorporated Companies), 1964

Item	Rented premises with annual net sales of		
	\$50,000 - 99,999	\$200,000 - 499,999	Total
Number of businesses reporting	4	3	12
Average net sales per business	65,146	318,946	186,863
Average beginning inventory	17,531	94,434	49,579
Average inventory, end of year	20,143	101,764	50,770
Average cost of goods sold	39,846	204,480	116,003
Stock turnover (times per year)	2.12	2.08	2.31
Profit and loss data (Per cent of net sales)			
Gross profit	38.84	35.89	37.77
Operating expenses:			
Employees' salaries and wages (except delivery)	14.65	14.70	16.16
Delivery expenses (including salaries and wages) .....	.92	.26	.46
Occupancy expenses:			
Taxes .....	.55	.38	.46
Insurance .....	.88	.60	.65
Rent	5.85	4.01	4.99
Heat, light and power	1.00	.52	.91
Repairs and maintenance .....	.38	.23	.36
Depreciation allowances .....	.65	.89	1.34
Total occupancy expenses	9.31	6.63	8.71
Office and store supplies .....	.62	1.30	.76
Advertising	2.41	1.77	1.91
Net loss on bad debts .....	.05	—	.05
All other expenses	2.77	2.65	2.86
Total operating expenses	30.73	27.31	30.91
Net operating profit	8.11	8.58	6.86
Non-trading income .....	.05	.04	.08
Non-trading expense .....	.06	.13	.05
Net profit before allowances for income tax	8.10	8.49	6.89

MISCELLANEOUS APPAREL AND ACCESSORIES STORES, INDEPENDENT

This classification contains retail establishments selling mainly lines of apparel and accessories not specifically defined elsewhere such as bathing suits, play-suits and other beachwear, riding apparel and other sports wear, raincoats and umbrellas, etc.

Usable reports were received from four businesses. The gross profit for independent unincorporated businesses and incorporated companies combined was 36.67 per cent of net sales. Data of this nature were not received from this category of store by the 1961 Census of Merchandising and this

is the first time an attempt has been made to obtain data for the operating results survey. Salaries and wages were 8.25 per cent of net sales. Total occupancy expenses amounted to 9.89 per cent, office and store supplies were 1.08 per cent and all other expenses were 3.26 per cent in 1964. Total operating expenses were 22.48 per cent leaving net operating profit of 14.19 per cent. Taking account of non-trading income and non-trading expense, net profit before deduction of proprietors' salaries and withdrawals (in the case of unincorporated businesses) and income tax was 12.72 per cent of net sales in 1964.

TABLE 26. Miscellaneous Apparel and Accessories Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses and Incorporated Companies), 1964

Item	Rented premises	
	Unincorporated	Unincorporated and incorporated
Number of businesses reporting	3	4
Average net sales per business	51,673	60,698
Average beginning inventory	14,288	21,330
Average inventory, end of year	20,760	25,067
Average cost of goods sold	30,535	38,003
Stock turnover (times per year)	1.74	1.64
Profit and loss data (Per cent of net sales)		
Gross profit	38.31	36.67
Operating expenses:		
Employees' salaries and wages (except delivery)	5.84	8.25
Delivery expenses (including salaries and wages)	—	—
Occupancy expenses:		
Taxes .....	.43	.42
Insurance .....	.29	.33
Rent	6.14	6.78
Heat, light and power .....	.85	.90
Repairs and maintenance	1.20	1.13
Depreciation allowances .....	.40	.33
Total occupancy expenses	9.31	9.89
Office and store supplies	1.23	1.08
Advertising	1.24	1.24
Net loss on bad debts .....	.17	.14
All other expenses	1.55	1.88
Total operating expenses	19.34	22.48
Net operating profit	18.97	14.19
Non-trading income	—	.03
Non-trading expense	1.84	1.50
Net profit before allowances for income tax	17.13	12.72

DEFINITIONS

PROFIT AND LOSS

Items

Net sales—the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Purchases—are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses; duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold—determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit—the difference between "cost of goods sold" and "net sales".

Operating expenses—all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except for delivery employees)—payments to employees (wages, salaries, bonuses, payments for leave, payments in kind) before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery—includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.)

Taxes—business, property and water taxes and licences. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance—annual proportion of premiums for insurance policies carried to protect the business.

Rent—payments for use of business premises.

Heat, light and power—cost applicable to year's operations.

Repairs and maintenance—costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation—Write-offs for the year of fixed assets used in the business only, or rates authorized by the Income Tax Department.

Store supplies—wrapping paper, office supplies, etc.

Advertising—displays, window dressing and sales promotion.

Net bad debt loss—estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses—telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit—is the difference between "total operating expenses" and "gross profit" and in the case of unincorporated businesses includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy—the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income—interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expense—interest expense, rental expense, any other expense not pertaining to the business.

Ratios

Stock turnover—the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross profit ratio—sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating expense ratios—each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net operating profit ratio—the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

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